

UNITED STATES BANKRUPTCY COURT
DISTRICT OF MINNESOTA
FOURTH DIVISION

In re:

Rels Manufacturing Corporation,

Debtor.

Bky. No. 04-42532 (RJK)
Chapter 11

**DEBTOR'S DISCLOSURE STATEMENT
SEPTEMBER 30, 2004**

PRELIMINARY STATEMENT

This Disclosure Statement is submitted by Rels Manufacturing Corporation, a Minnesota corporation (the "Debtor" or "RELS"), pursuant to Section 1125 of the Bankruptcy Code in connection with the Plan of Reorganization under Chapter 11 of the United States Bankruptcy Code for Rels Manufacturing Corporation dated as of September 30, 2004 (the "Plan"). For purposes hereof, all capitalized terms used in this Disclosure Statement, and not otherwise separately defined herein, shall have the meanings ascribed to such terms in the Plan, as the Plan may be amended, modified or supplemented from time to time. Such meanings shall be equally applicable to both the singular and plural forms of such terms.

After notice and a hearing, the Bankruptcy Court approved this Disclosure Statement as containing information of a kind, and in sufficient detail, adequate to enable a hypothetical reasonable investor typical of the holders of claims and Interests in the Classes of claims and Interests entitled to vote pursuant to the Plan to make an informed judgment whether to accept or reject the Plan. APPROVAL OF THIS DISCLOSURE STATEMENT DOES NOT, HOWEVER, CONSTITUTE A DETERMINATION BY THE BANKRUPTCY COURT AS TO THE FAIRNESS OR MERITS OF THE PLAN.

NO STATEMENT OR INFORMATION CONCERNING THE DEBTOR (PARTICULARLY AS TO FUTURE BUSINESS, RESULTS OF OPERATIONS OR FINANCIAL CONDITION, OR WITH RESPECT TO DISTRIBUTIONS TO BE MADE UNDER THE PLAN) OR ANY OF ITS ASSETS, PROPERTIES OR BUSINESS THAT IS GIVEN FOR THE PURPOSE OF SOLICITING ACCEPTANCES OF THE PLAN IS AUTHORIZED, OTHER THAN AS SET FORTH IN THIS DISCLOSURE STATEMENT. THE STATEMENTS AND INFORMATION ABOUT THE DEBTOR AND THE FINANCIAL INFORMATION OF THE DEBTOR, INCLUDING ALL FINANCIAL PROJECTIONS AND INFORMATION REGARDING CLAIMS OR INTERESTS CONTAINED HEREIN, HAVE BEEN PREPARED FROM DOCUMENTS AND INFORMATION PREPARED BY THE

DEBTOR OR PROVIDED TO THE DEBTOR'S PROFESSIONALS BY THE DEBTOR. THE DEBTOR HAS NOT TAKEN ANY INDEPENDENT ACTION TO VERIFY THE ACCURACY OR COMPLETENESS OF SUCH STATEMENTS AND INFORMATION AND EXPRESSLY DISCLAIMS ANY REPRESENTATION CONCERNING THE ACCURACY OR COMPLETENESS THEREOF.

THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT ARE MADE AS OF THE DATE HEREOF UNLESS ANOTHER TIME IS SPECIFIED HEREIN, AND NEITHER DELIVERY OF THIS DISCLOSURE STATEMENT NOR ANY EXCHANGE OF RIGHTS MADE IN CONNECTION WITH THE PLAN SHALL, UNDER ANY CIRCUMSTANCES, CREATE AN INFERENCE THAT THERE HAS BEEN NO CHANGE IN THE INFORMATION SET FORTH HEREIN SINCE THE DATE THE DISCLOSURE STATEMENT AND THE MATERIALS RELIED UPON IN PREPARATION OF THE DISCLOSURE STATEMENT WERE COMPILED.

THIS DISCLOSURE STATEMENT HAS NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION NOR HAS THE COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF STATEMENTS CONTAINED HEREIN.

THIS DISCLOSURE STATEMENT MAY NOT BE RELIED UPON FOR ANY PURPOSE OTHER THAN TO DETERMINE WHETHER TO VOTE IN FAVOR OF OR AGAINST THE PLAN, AND NOTHING CONTAINED HEREIN SHALL CONSTITUTE AN ADMISSION OF ANY FACT OR LIABILITY BY ANY PARTY, OR BE ADMISSIBLE IN ANY PROCEEDING INVOLVING THE DEBTOR OR ANY OTHER PARTY, OR BE DEEMED EVIDENCE OF THE TAX OR OTHER LEGAL CONSEQUENCES OR EFFECTS OF THE REORGANIZATION OF THE DEBTOR. CERTAIN INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT, BY ITS NATURE, IS A FORECAST OF FUTURE EVENTS AND THEREFORE INCLUDES ESTIMATES, ASSUMPTIONS AND PROJECTIONS WHICH MAY PROVE TO BE WRONG, OR WHICH MAY BE MATERIALLY DIFFERENT FROM ACTUAL FUTURE RESULTS.

EACH HOLDER OF A CLAIM OR INTEREST SHOULD CONSULT SUCH HOLDER'S ATTORNEY AND ACCOUNTANT AS TO THE EFFECT OF THE PLAN ON SUCH HOLDER, INCLUDING, BUT NOT LIMITED TO, THE TAX EFFECTS OF THE PLAN.

IT IS OF THE UTMOST IMPORTANCE TO THE DEBTOR THAT YOU VOTE PROMPTLY TO ACCEPT THE PLAN BY COMPLETING AND SIGNING THE BALLOT ENCLOSED HERewith AND FILING IT WITH THE UNITED STATES BANKRUPTCY COURT FOR THE DISTRICT OF MINNESOTA, 300 SOUTH 4TH STREET, MINNEAPOLIS, MN 55415.

ARTICLE 1.

INTRODUCTION

1.1 Purpose of this Disclosure Statement. The Debtor submits this Disclosure Statement, pursuant to Section 1125 of the Bankruptcy Code, to all known holders of claims against the Debtor, for the purpose of disclosing that information which the Bankruptcy Court has determined is material, important and necessary for holders of claims of the Debtor to arrive at a reasonably informed decision in exercising their right to vote for acceptance or rejection of the Plan.

1.2 Explanation of the Reorganization Case.

(a) Purpose of Chapter 11. Chapter 11 of the Bankruptcy Code is often called "commercial bankruptcy". Chapter 11 contemplates the formulation of a plan of reorganization and outlines how a debtor's debts will be paid. Unlike cases under Chapter 7, 12 or 13 of the Bankruptcy Code, a trustee is not ordinarily appointed in a Chapter 11 case. Instead, the debtor remains in control of its assets and business affairs as a "debtor in possession" with most of the powers and duties of a trustee. In addition to statutory requirements relating to plan formulation, confirmation and post-confirmation matters, a Chapter 11 case is also shaped by statutory prohibitions against collection efforts or enforcement actions by creditors in order to allow the debtor breathing space within which to reorganize. The Bankruptcy Code contains a number of other significant provisions applicable to Chapter 11 cases, such as those relating to postpetition financing and prepetition executory contracts, which confer powers on the debtor in possession and also provide creditors with certain rights and remedies.

(b) Formulation of the Plan. Formulation of a plan of reorganization is the principal purpose of a Chapter 11 case. A plan of reorganization sets forth the means by which claims against, and interests in, the debtor will be satisfied. After a plan of reorganization has been filed, it must be accepted by holders of claims against, or interests in, the debtor. Section 1125 of the Bankruptcy Code requires full disclosure before solicitation of acceptances of a plan of reorganization. This Disclosure Statement is presented to holders of claims and Interests to satisfy the disclosure requirements of Section 1125 of the Bankruptcy Code.

1.3 Voting Procedures.

(a) Persons Entitled to Vote. Pursuant to the provisions of the Bankruptcy Code, only Classes of claims and Interests that are impaired under the terms and provisions of the Plan are entitled to vote to accept or reject the Plan. Furthermore, if a Class of claims or Interests is not entitled to receive any distribution under the Plan, such Class is deemed to have rejected the Plan pursuant to Section 1126(g) of the Bankruptcy Code. Holders of disputed claims are not entitled to vote on the Plan unless the Bankruptcy Court, upon motion of such holder, temporarily allows the claim in an amount which it deems proper for purposes of voting to accept or reject the Plan. Any such motion must be heard and determined by the Bankruptcy Court in accordance with Bankruptcy Rule 3018(a).

(b) **Incomplete or Irregular Ballots.** Ballots which fail to designate the Class to which they apply shall be counted, subject only to contrary determinations by the Bankruptcy Court, in the Class determined by the Debtor. **BALLOTS THAT ARE NOT SIGNED AND BALLOTS THAT ARE SIGNED BUT NOT EXPRESSLY VOTED EITHER FOR ACCEPTANCE OR REJECTION OF THE PLAN WILL NOT BE COUNTED.**

1.4 Confirmation.

(a) **Confirmation Requirements.** One of the requirements for Confirmation relates to voting by holders of claims or Interests. Chapter 11 does not require that each holder of a claim or Interest vote in favor of the Plan for it to be confirmed by the Bankruptcy Court. For any Class of "impaired" claims to accept the Plan, Section 1126(c) of the Bankruptcy Code requires that claimants who hold a majority in number and two-thirds (2/3) in amount of the allowed claims in such Class that actually vote on the Plan must vote to accept the Plan. For a Class of impaired Interests to accept the Plan, Section 1126(d) of the Bankruptcy Code requires that holders of two-thirds (2/3) in amount of the allowed Interests in such Class that actually vote on the Plan must vote to accept the Plan.

Even if all Classes of claims and Interests accept the Plan, Section 1129 of the Bankruptcy Code requires that the Bankruptcy Court find, among other things, that the Plan is in the best interests of holders of claims and Interests. Section 1129 generally requires that the value to be distributed to holders of claims and Interests may not be less than such parties would receive if the Debtor were to be liquidated under Chapter 7 of the Bankruptcy Code.

(b) **Cramdown.** Pursuant to Section 1129(b) of the Bankruptcy Code, the Bankruptcy Court may confirm the Plan even though less than all of the Classes of claims and Interests accept it. Confirmation of the Plan over the objection of one or more impaired Classes of claims or Interests is generally referred to as a "cramdown". For the Plan to be confirmed over the objection of an impaired Class of claims or Interests, the Debtor must show that the Plan does not discriminate unfairly and is fair and equitable with respect to each Class of claims or Interests that is impaired under, and has not accepted, the Plan. In order to fulfill this requirement with respect to a Class of Unsecured Claims that has not accepted the Plan, the Debtor must show that (i) the Plan provides that each holder of a claim of such Class receive or retain on account of such claim property of a value, as of the Effective Date, equal to the Allowed Amount of such claim or (ii) the holder of any claim or Interest that is junior to the claims of such Class will not receive or retain under the Plan on account of such junior claim or Interest any property.

(c) **Confirmation Hearing.** The Bankruptcy Court has set a confirmation hearing with respect to the Plan. Each claimant will receive, either with this Disclosure Statement or separately, the Bankruptcy Court's notice of the hearing on Confirmation of the Plan. The confirmation hearing may be adjourned, from time to time, by the Bankruptcy Court without further notice except for an announcement made at the confirmation hearing or any adjournment thereof.

(d) **Feasibility of the Plan.** The terms proposed by the Debtor for the treatment of allowed claims and allowed Interests under the Plan are based upon, among other things, the assessment by the Debtor of the relative priority afforded to various claims and Interests under the Bankruptcy Code and the Debtor's ability to repay each of the obligations consistent with the capital requirements of the Reorganized Debtor's business. **WHILE THERE CAN BE NO ASSURANCE THAT THE PLAN, IF CONFIRMED, WILL BE SUCCESSFUL, THE DEBTOR BELIEVES THAT REORGANIZATION UNDER THE PLAN DOES PROVIDE FOR THE GREATEST AND EARLIEST RECOVERIES FOR ALL HOLDERS OF CLAIMS AND INTERESTS.**

(e) **Effect of Confirmation.** Confirmation makes the Plan binding upon the Debtor, all holders of claims and Interests and other parties in interest, regardless of whether or not it has been accepted by them.

1.5 Procedure for Filing Proofs of Claim and Proofs of Interest.

(a) **Bar Dates.**

(1) **General Bar Date for Claims.** All Proofs of Claim (except those by Governmental Units) must have been filed by the close of business on **August 2, 2004** (the "General Claims Bar Date"). **IF A CLAIM WAS LISTED IN THE SCHEDULES AS NON-CONTINGENT, LIQUIDATED AND UNDISPUTED, A PROOF OF CLAIM NEED NOT HAVE BEEN FILED.** Both the schedules and the docket listing Proofs of Claim that were filed on or before the General Claims Bar Date are on file at the Bankruptcy Court and are available for inspection on the Bankruptcy Court's website, www.mnb.uscourts.gov.

(2) **Administrative Claims Bar Date.** Unless otherwise ordered by the Bankruptcy Court, the confirmation of the Plan establishes a bar date for Administrative Claims, which bar date shall be thirty (30) calendar days after the Effective Date. Holders of Administrative Claims that are not paid on the Effective Date may file a motion for payment of administrative expense on or before such bar date. The Reorganized Debtor and any other party in interest will have sixty (60) days after the Administrative Claims bar date to review and object to such Administrative Claims before a hearing for determination of such claims is held by the Bankruptcy Court.

(b) **Executory Contracts and Unexpired Leases.** Parties to executory contracts or unexpired leases that are rejected by the Debtor under the Plan must file any claims for damages resulting from such rejection within thirty (30) calendar days after the date of entry of the Confirmation Order. Parties to executory contracts or unexpired leases that were or may be rejected by the Debtor by motion or otherwise before Confirmation must file Proofs of Claim for any rejection damages in accordance with the Bankruptcy Court's order with respect to such rejection.

ARTICLE 2.

THE REORGANIZATION CASE

2.1 History of the Debtor. Debtor was incorporated in 1986. The present owner, David Carroll, purchased it in 1991. The main business of the company since its inception has been the manufacture and sale of brake lathes, brake lathe adapters and accessories for brake lathes. These machines are used to resurface drums and rotors used in the operation of brake systems in most cars and trucks on the road today. The end users for these products are automotive service garages that do brake work. The direct customer of RELS manufacturing is the independent equipment distributor who sells equipment to the automotive garage. RELS also supplies brake lathes to some regional and national accounts such as Precision Tune, Just Brakes, and Tires Plus.

In 1996 RELS entered into a royalty agreement with Automotive Innovations, a Nashville, Tennessee company to market two products on which they hold patents. The first product is an electronic gearbox that retrofits onto the brake lathe of a major competitor and the other is a brake lathe adapter system. The sales of the electronic gearbox as a retrofit unit are good but its real value is that it is the centerpiece of the RELS 2000 brake lathe. This lathe is the mainstay of RELS manufacturing and accounts for about 40% of its sales. The increase in sales of the 2000 brake lathe was mirrored by the decrease in sales of other models so the total sales of brake lathes grew only by about 10% since 1996. This modest growth is very good because the entire brake lathe market has fallen by 40% during that time because of the introduction of inexpensive replacement rotors and drums from Asia. Also, many of the internal parts for the 2000 lathe are interchangeable with the parts of RELS main brake lathe competitor, resulting in many sales of repair parts to distributors and service centers of this competitor. This gives RELS a great opportunity to turn these distributors into brake lathe, tire changer, or wheel balancer customers of their own.

In 1999 RELS Manufacturing began to expand its line of automotive service products to include tire changers and wheel balancers. Management felt that the addition of these products would allow RELS to increase its sales and profits. These two products did add to sales but not much profit due to the general downturn in the brake lathe market. In addition, RELS and their principal supplier of tire changers and wheel balancers, BL Systems, commenced suit against each other asserting breach of contract. Sales in fiscal year 2000 (March 31, 2000) reached \$2,450,000.00 but the company broke even. Shortly thereafter Rels began to lose sales because of the breach of contract by BL Systems and the related lawsuit. Sales fell below \$2,000,000.00 in fiscal year 2003 but rebounded in 2004 to \$2,200,000.00.

RELS entered into its current financing arrangement with BNC, an asset based lender, in July of 1998. In September, 2001, Associated Commercial Finance, Inc. ("Associated") purchased the asset based lending division of BNC and RELS became a customer of Associated.

In October of 2001, RELS Manufacturing moved into a new building owned by Shark Industries, a corporation owned by the wife of David Carroll. It was felt that this move and the subsequent synergy between the two companies would benefit both operations. Unfortunately the opposite was true.

The increased rent and the cost of the move were not offset by cost savings. Rather, the general downturn in the economy after 9/11 and the time spent on the lawsuit with BL Systems resulted in lower sales and lower profits for RELS. Ultimately, BL Systems obtained a judgment against RELS for approximately \$190,000. Associated asked RELS to find a new lender. Because of the BL Systems lawsuit and resulting judgment, RELS was unable to find a new lender and Associated was unwilling to renew the loan. During the later part of 2002 and through 2003, RELS was unable to pay all of the interest due Associated.

In December of 2003, Associated demanded that RELS pay a substantial portion of the interest that was in arrears. At this same time, BL Systems was attempting to enforce its judgment. The combination of these pressures resulted in RELS filing for Chapter 11 reorganization on March 24, 2003.

2.2 Significant Events in the Reorganization Case.

(a) **General.** Since the Petition Date, the Debtor has remained in possession of its assets and continued the operation of its business. Operating results since the Petition Date are contained in **Exhibit 5.1**.

(b) **Unsecured Creditors Committee.** The United States Trustee was unable to appoint a committee of unsecured creditors in the case.

(c) **Debtor-in-Possession Financing.** After the filing of the petition, Debtor and Associated reached agreement on terms of financing for the Debtor. The Bankruptcy Court approved that financing by orders dated April 14, May 12, May 27, and September 1, 2004.

(d) **B.L. Systems Lawsuit.** At the time of commencement of this case, a lawsuit entitled **Rel's Manufacturing Corporation v. B.L. Systems, Inc.** was pending in the United States District Court for the Northern District of Georgia (case no. 1:02CV:2997). In that suit, Debtor asserted several causes of action including breach of contract and fraud. Since the filing of this case, the lawsuit has been administratively dismissed without prejudice. If it is not settled in connection with this Plan, Debtor intends to continue prosecution of the suit after confirmation. Discovery in the lawsuit is incomplete, but Debtor estimates that recoverable damages could be as much as \$400,000.

ARTICLE 3.

CLASSIFICATION AND TREATMENT OF CLAIMS AND INTERESTS

3.1 Classification of Claims and Interests.

(a) **General.** Section 2.3 of the Plan sets forth a designation of Classes of claims and Interests. A claim or Interest is classified in a particular Class only to the extent that the claim or Interest qualifies within the description of the Class and is

classified in a different Class to the extent the claim or Interest qualifies within the description of that different Class.

(b) **Unclassified Claims.** In accordance with Section 1123(a)(1) of the Bankruptcy Code, Administrative Claims and priority tax claims have not been classified and are excluded from the classes established in Section 2.3 of the Plan. The treatment accorded Administrative Claims and priority tax claims is set forth in Article 5 of the Plan.

- (1) Administrative Expenses are expected to consist primarily of professional fees and are estimated to total approximately \$10,000 on the Confirmation Date.

Fees payable by the Debtor under 28 U.S.C. ' 1930 shall be paid in full on the Effective Date and thereafter as and when due until the Chapter 11 case is closed, dismissed or converted. After Confirmation, the Reorganized Debtor shall submit monthly operating reports to the United States Trustee each month (or portion thereof) until the Chapter 11 case is closed, dismissed or converted. Such report shall be in the format prescribed by the United States Trustee.

- (2) Priority tax claims total \$14,422.49.

3.2 Classes. For purposes of the Plan, the claims against, or Interests in, the Debtor are grouped in the following Classes in accordance with Section 1122(a) of the Bankruptcy Code.

(a) **Class 1 - Priority Non-Tax Claims.** Class 1 consists of all Priority Non-Tax Claims, which are estimated to total \$9,647.80.

(b) **Class 2 – Associated Commercial Finance.** Class 2 consists of the secured claim of Associated Commercial Finance, Inc. The Class 2 claim is estimated to total \$692,233.82.

(c) **Class 3A – General Unsecured Claims.** Class 3A consists of general unsecured claims not entitled to priority and not classified in another class. Class 3A claims are estimated to total approximately \$365,000.

(d) **Class 3B – Unsecured Trade Claims.** Class 3B consists of claims held by creditors who sold goods or services to Debtor during the year prior to the Petition Date on a regular or periodic basis in the ordinary course of Debtor's business. Class 3B claims are estimated to total approximately \$175,000.

(e) **Class 4 - Administrative Convenience Claims.** Class 4 consists of (i) all unsecured claims against the Debtor, in an amount equal to or less than \$300, that would be classified as a Class 3A or 3B Claim under the Plan if such claims exceeded \$300 and (ii) any unsecured claim against the Debtor that would otherwise be classified as a Class 3A or 3B Claim except that the holder of such claim has elected voluntarily in writing on the ballot for voting on the Plan to reduce the Allowed Amount of such claim to \$300 by

the date on which ballots accepting or rejecting the Plan must be returned, as fixed by the Bankruptcy Court. Administrative Convenience Claims are estimated to total approximately \$4,000.

(f) **Class 5 - Old Common Stock.** Class 5 consists of all Interests in the Debtor.

3.3 Identification of Claims and Interests Impaired and Not Impaired by the Plan.

(a) **Classes of Claims Not Impaired by the Plan.** Class 5 is not impaired by the Plan. Under Section 1126(f) of the Bankruptcy Code, the holders of those interests are presumed conclusively to have voted to accept this Plan and, therefore, the votes of those holders shall not be solicited.

(b) **Classes of Claims Impaired by the Plan.** Classes 1, 2, 3A, 3B and 4 are impaired by this Plan. The holders of claims in such Classes are entitled to vote to accept or reject this Plan.

3.4 Treatment of Allowed Claims and Allowed Interests. The allowed claims and allowed Interests, as classified in Article 3 herein, shall be satisfied as follows:

(a) **Class 1 -- Priority Non-Tax Claims.** Each holder of a Priority Non-Tax Claim against Debtor shall receive on the Distribution Date (i) the amount of such holder's Allowed Claim in one cash payment, not to exceed \$4,650 in the case of wages, salaries and commissions; or (ii) such other treatment as may be agreed upon in writing by Debtor and such holder.

(b) **Class 2 – Associated Commercial Finance Secured Claim.** The Class 2 claim is in the present amount of \$692,233.82, consisting of a revolving line of credit in the sum of \$576,537.24 (the “Line of Credit”), and a term note in the sum of \$70,058.46 (the “Term Note”). In addition, the Class 2 claim includes attorney fees and expenses incurred before and after the Petition Date in the sum of \$45,638.12 (the “Fees and Expenses”). The Class 2 claim is secured by a security interest in all of the Debtor's assets.

The holder of the Class 2 claim will receive the following in payment of that claim:

- (1) The Class 2 claim will continue to be secured by a security interest in Debtor's assets having the same priority as that security interest had on the Petition Date;
- (2) The Debtor reaffirms the loan documents pertaining to the Line of Credit with the following modifications:
 - (i) The term of the agreement between the parties shall be extended to the third anniversary of the Effective Date.

- (ii) The rate of interest on the Line of Credit shall float at a rate equal to the prime rate as publicly announced in the **Wall Street Journal** plus 3% per annum, with the initial rate determined as of the Effective Date.
 - (iii) All defaults under those documents are waived.
 - (iv) All covenants with which the Debtor does not comply on the Effective Date are waived.
- (3) The Debtor reaffirms the loan documents pertaining to the Term Loan with the following modifications:
 - (i) The Fees and Expenses as of the Confirmation Date shall be added to the principal balance of the Term Loan.
 - (ii) The rate of interest on the Term Loan shall be fixed at the prime rate as announced in the **Wall Street Journal** as of the Effective Date plus 3% per annum.
 - (iii) On the 1st day of each month, Debtor will make payments of principal in the sum of \$5,000 plus accrued interest on the Term Loan until the Term Loan is paid in full.
 - (iv) All defaults under those documents are waived.\
 - (v) All covenants with which the Debtor does not comply on the Effective Date are waived.

(b) **Class 3A – General Unsecured Claims.** In full satisfaction of its claim, each holder of a general unsecured claim against Debtor not entitled to priority and not otherwise classified shall receive twenty (20) quarterly payments totaling 50% of the allowed amount of its claim. Such payments will commence on the first day of the third full month following the Effective Date and continuing on the first day of each consecutive calendar quarter thereafter until a total of 20 payments have been made.

(c) **Class 3B – General Unsecured Trade Claims.** This class consists of claims held by creditors who sold goods or services to Debtor during the year prior to the Petition Date on a regular or periodic basis in the ordinary course of Debtor's business. Members of Class 3B may elect to be paid according to the terms of one of the two following alternatives:

- (1) **Option 1 -- Quarterly Payments.** In full satisfaction of its claim, each holder of a General Unsecured Claim against Debtor not entitled to priority and not otherwise classified shall receive twenty (20) quarterly payments totaling 50% of the allowed amount of its claim. Such payments will commence on the first day of the third full month following the Effective Date and continuing on the first day of each consecutive calendar quarter thereafter until a total of 20 payments have been made.

(2) Option 2 -- Invoice Plus Percentage. Class 3B members choosing Option 2 ("Option 2 Creditors") shall receive payment on their allowed claims under this Option conditioned on the following:

- (i) Any Option 2 Creditor must continue doing business with the Debtor after the date of confirmation of the Plan on credit terms;
- (ii) the credit terms shall be as mutually agreeable to the Debtor and the creditor, but said credit terms shall be on not less than net thirty (30) days payment, unless other terms are required under any applicable law or regulations;
- (iii) payment pursuant to this option shall continue until the date on which the allowed claim of the Option 2 Creditor is paid according to this Plan;
- (iv) Debtor shall be required to purchase goods and services from each electing Option 2 Creditor on terms no less favorable than Debtor is able to obtain from any other party dealing in goods or services of the type at issue. In the event that Debtor contends that it is able to obtain terms more favorable than those offered by any Option 2 Creditor, then Debtor shall disclose the terms to such Option 2 Creditor and such creditor shall have the right to match such terms. In the event such terms are matched, Debtor shall purchase from such creditor until a payment of its claim is completed as provided herein. Those creditors electing treatment under Option 2 shall, in no event, be able to receive more than the following percentages of their allowed claims, and such claims shall not bear interest:

Thirty-day terms	--	65% of allowed claim
Sixty-day terms	--	80% of allowed claim
Ninety-day terms	--	95% of allowed claim

Payments pursuant to Option 2 shall commence upon the due date for payment of the first invoice for goods or services provided after the Effective Date. In the ordinary course of business between the Option 2 Creditor and the Debtor, the Debtor shall pay all invoices pursuant to the applicable credit terms, and shall, contemporaneously with each such payment, make an additional payment of 10% of such invoice amount to be applied to payment of the allowed pre-petition claim of the Option 2 Creditor (each, an "Option 2 Payment").

(c) **Class 4 – Administrative Convenience Claims.** Each holder of an Administrative Convenience Claim shall receive on the Distribution Date, in cash, in full satisfaction of its allowed claim, which claim shall not exceed \$300, an amount equal to 40% of its allowed claim.

(d) **Class 5 – Interests in Debtor.** The holder of the Equity Interests shall continue to hold those interests. The interests shall not be affected by this Plan.

3.5 Treatment of Administrative Claims and Priority Tax Claims.

(a) **Administrative Claims.** Each holder of an allowed Administrative Claim (except any such holder that agrees to different treatment) shall receive the full amount of such claim, in cash, on the Distribution Date; provided, however, that allowed Administrative Claims representing (a) post-petition liabilities incurred in the ordinary course of business by the Debtor and (b) post-petition contractual liabilities arising under loans or advances to the Debtor, whether or not incurred in the ordinary course of business, shall be paid by the Reorganized Debtor in accordance with the terms and conditions of the particular transactions relating to such liabilities and any agreements relating thereto.

(b) **Priority Tax Claims.** The Minnesota Department of Revenue holds a priority tax claim for income taxes in the sum of \$14,422.49. In full satisfaction of its claim, the Minnesota Department of Revenue shall receive payment of that claim in 24 equal quarterly installments of \$624.90 (representing payment of the claim plus interest at the applicable federal rate of 3.78% per annum) commencing on the first day of the third full month following the Effective Date and continuing on the first day of each consecutive calendar quarter thereafter until a total of 24 payments have been made.

(c) **United States Trustee Fees.** Fees payable by Debtor under 28 U.S.C. § 1930 will be paid in full on the Effective Date. In addition, following confirmation, the Debtor will timely pay all fees incurred pursuant to 28 U.S.C. §§1930(a)(6) and will file with the Court and serve on the U.S. Trustee a monthly financial report in the prescribed format, for each month or part thereof that the Case remains open.

3.6 Management of the Reorganized Debtor.

(a) **General.** On and after the Effective Date, the business and affairs of the Reorganized Debtor shall be managed by the board of directors of the Reorganized Debtor. Officers of the Reorganized Debtor known at this date are:

David Carroll – President. Mr. Carroll's compensation will be \$78,000 per year for 2 years after the Confirmation Date.

(b) **Board of Directors.** On the Effective Date, the Debtor's board of directors shall be replaced by the Reorganized Debtor's board of directors shall be comprised of the following members:

David Carroll.

3.7 Treatment of Executory Contracts and Unexpired Leases.

(a) **Assumption and Rejection of Executory Contracts and Unexpired Leases.**

- (1) **Assumption/Rejection.** Any executory contract or unexpired lease that has not been expressly assumed by the Debtor with the Bankruptcy Court's approval on or prior to the Confirmation Date shall, as of the Confirmation Date (subject to the occurrence of the Effective Date), be deemed to have been rejected by the Debtor unless there is pending before the Bankruptcy Court on the Confirmation Date a motion by the Debtor to assume such executory contract or unexpired lease.
- (2) **Cure.** In the event of a dispute regarding (i) the amount of any cure payments under the contract or lease to be assumed, (ii) the ability of the Debtor to provide adequate assurance of future performance under the contract or lease to be assumed, or (iii) any other matter pertaining to assumption, the cure payments required by Section 365(b)(1) of the Bankruptcy Code shall be made in accordance with the entry of a Final Order resolving the dispute and approving assumption.
- (3) **Damages Upon Rejection.** The Bankruptcy Court shall determine the dollar amount, if any, of any claim seeking damages by reason of the rejection of any executory contract or unexpired lease; provided, however, that a Proof of Claim is filed with the Bankruptcy Court asserting that claim before thirty (30) calendar days following the Confirmation Date. To the extent any such claim is allowed by the Bankruptcy Court by Final Order, such claim shall become, and shall be treated for all purposes under the Plan as, an allowed unsecured claim, and the holder thereof shall receive distributions as a holder of an allowed claim in Class 3A pursuant to the Plan. The Plan shall constitute notice to persons that may assert a claim for damages from the rejection of an executory contract or unexpired lease of the bar date for filing a Proof of Claim in connection therewith; provided, however, that the Debtor shall have no obligation to notify such persons that the Confirmation Date has occurred.

(b) **The Debtor's Intention.** At the present time, the Debtor intends to assume the contracts and leases identified on **Exhibit 9.1** to the Plan. A final decision with respect to whether the Debtor will assume or reject the foregoing contracts and leases has not yet been made. The Debtor expects that rejection of executory contracts and unexpired leases will not result in material, additional unsecured claims to be included with Class 3A.

ARTICLE 4.

ESTIMATED CLAIMS AND ESTIMATED RECOVERIES BY CLASS

4.1 General. The Debtor has analyzed the Proofs of Claim filed in the case, as well as the claims scheduled by the Debtor for which no proofs of claim were filed. The estimated allowed claims and estimated recoveries in the case are summarized below. Certain estimated allowed claims and estimated recoveries set forth below represent the best estimates of the Debtor and its professionals based upon the information available to them. **THE DEBTOR**

AND ITS PROFESSIONALS HAVE EXPENDED CONSIDERABLE TIME AND EFFORT TO ENSURE THE ACCURACY OF THE ESTIMATED INFORMATION SET FORTH BELOW; HOWEVER, NO REPRESENTATION CAN BE MADE THAT SUCH INFORMATION IS WITHOUT INACCURACY. THE INFORMATION SET FORTH BELOW IS SUBJECT TO THE UNCERTAINTIES OF LITIGATION WITH RESPECT TO MANY CLAIMS AND INTERESTS AND OTHER FACTORS WHICH MAY OR MAY NOT BE RESOLVED IN THE DEBTOR'S FAVOR. THEREFORE, NO ASSURANCE CAN BE GIVEN THAT THE ESTIMATED ALLOWED CLAIMS AND INTERESTS ARE EXACT OR THAT THE ESTIMATED RECOVERIES WILL BE ACHIEVED.

4.2 Estimated Claims and Estimated Recoveries. The Debtor estimates that the allowed claims against the Debtor and the corresponding estimated recoveries under the Plan are as follows:

<u>Class or Type</u>	<u>Total Claims</u>	<u>Recovery</u>
Administrative Claims	\$ 10,000	100%
Priority Tax Claims	\$ 14,422	100%
Class 1 Priority Claims	\$ 9,647	Unimpaired
Class 2 Associated Finance	\$ 692,000	100%
Class 3A Unsecured Claims	\$ 365,000 *	50%
Class 3B Unsecured Trade Claims	\$ 175,000	65--95%
Class 4 Administrative Convenience Claims	\$ 4,000	40%
Class 5 Old Common Stock		Unimpaired

* Includes estimated claims for executory contract and unexpired lease rejection damages.

ARTICLE 5.

SELECTED FINANCIAL INFORMATION AND FINANCIAL PROJECTIONS

5.1 The Debtor's Selected Financial Information. An analysis of the Debtor's financial condition and the results of the Debtor's operations for the twelve (12) month period which ended March 31, 2004, and the four month period ending June 30, 2004, appear in the Debtor's Financial Statements attached as Exhibit 5.1 hereto. These Financial Statements are unaudited and were prepared by employees of the Debtor.

5.2 The Reorganized Debtor's Financial Projections. The Debtor has prepared financial projections for the Reorganized Debtor (the "Financial Projections"), a summary of which is attached hereto as Exhibit 5.2. Variances in the forecasted financial information contained therein may result from unforeseen factors. However, the Financial Projections represent the Debtor's present judgment of the projected business operations of the Reorganized Debtor.

WHILE THE DEBTOR BELIEVES THAT THE FINANCIAL PROJECTIONS ARE REASONABLE IN LIGHT OF CURRENT FACTS AND CIRCUMSTANCES KNOWN TO THE DEBTOR'S MANAGEMENT, THE FINANCIAL PROJECTIONS

ARE BASED ON A NUMBER OF ASSUMPTIONS AND ARE SUBJECT TO SIGNIFICANT UNCERTAINTIES WHICH ARE BEYOND THE CONTROL OF THE REORGANIZED DEBTOR. THEREFORE, THERE CAN BE NO ASSURANCE THAT THESE FINANCIAL PROJECTIONS WILL BE REALIZED AND ACTUAL OPERATING RESULTS MAY BE MATERIALLY HIGHER OR LOWER THAN FORECAST.

ARTICLE 6.

ALTERNATIVES TO THE PLAN

6.1 Chapter 7 Liquidation Analysis. A reorganization plan cannot be confirmed unless the Court finds that the plan is in the "best interests" of creditors and equity holders, taking into account the liquidation value of the Company. In applying the "best interests" test of Section 1129(a)(7) of the Bankruptcy Code, the Court would ascertain the hypothetical recoveries in a Chapter 7 liquidation to secured creditors, priority claimants, general unsecured creditors and equity holders. These hypothetical Chapter 7 liquidation recoveries would then be compared to the distributions offered to each class of claims or interests under the proposed plan of reorganization to determine if the plan satisfies the "best interests" test as set forth in Section 1129(a)(7) of the Bankruptcy Code.

Attached hereto as **Exhibit 6.1** is a Liquidation Analysis for the Debtor assuming a hypothetical Chapter 7 liquidation in which a court-appointed trustee liquidates the Debtor's assets pursuant to an orderly liquidation.

The Liquidation Analysis is based on a number of estimates and assumptions which, while considered reasonable, are inherently subject to significant economic and competitive uncertainties and contingencies beyond the control of the Debtor or any Chapter 7 trustee. Accordingly, there can be no assurance that the values reflected in the Liquidation Analysis would be realized if the Debtor were, in fact, to undergo such a Chapter 7 liquidation, and actual results could vary materially from those shown here. In addition, any liquidation would necessarily take place in the future under circumstances which presently cannot be predicted. Accordingly, if the Debtor's estate were in fact liquidated, the actual liquidation proceeds could be materially lower or higher than the amounts set forth below and no representation or warranty can be or is being made with respect to the actual proceeds that could be received in a Chapter 7 liquidation.

6.2 Other Alternatives to the Plan. If the Plan is not confirmed, the Debtor or any other party in interest could attempt to formulate a different plan of reorganization. Such a competing plan of reorganization might involve either a reorganization and continuation of the Debtor's business or an orderly liquidation of its assets.

THE DEBTOR BELIEVES THAT THE CONFIRMATION AND IMPLEMENTATION OF THE PLAN IS PREFERABLE TO ANY OF THE LIQUIDATION ALTERNATIVES BECAUSE IT SHOULD PROVIDE GREATER RECOVERIES THAN THOSE AVAILABLE IN LIQUIDATION. IN ADDITION, OTHER ALTERNATIVES WOULD INVOLVE SIGNIFICANT DELAY, UNCERTAINTY AND SUBSTANTIAL ADDITIONAL ADMINISTRATIVE COSTS.

ARTICLE 7.

EFFECTS OF PLAN CONFIRMATION

7.1 Discharge and Injunction. Among other things, confirmation of this Plan results in a discharge of the Debtor pursuant to Section 1141(d) of the Bankruptcy Code. Except for the obligations expressly imposed by this Plan, the distributions and rights that are provided in this Plan shall be in complete satisfaction, discharge, extinguishment and termination of all claims against, liabilities of, liens on, obligations of and Interests in the Debtor or the assets and properties of the Debtor. In addition, the Confirmation Order shall operate as a general adjudication and resolution with prejudice, as of the Effective Date, of all pending legal proceedings against the Debtor and its respective assets and properties, as well as any proceedings not yet instituted against the Debtor or its assets and properties, except as otherwise provided in this Plan.

The discharge provided herein operates, among other things, as an injunction as provided in Section 524 of the Bankruptcy Code.

Furthermore, but in no way limiting the generality of the foregoing discharge and injunction, except for the obligations expressly imposed by this Plan, any Person or Governmental Unit accepting any distribution pursuant to this Plan shall be presumed conclusively to have released the Debtor from any cause of action based on the same subject matter as the claim or Interest on which the distribution is received. This release shall be enforceable as a matter of contract against any Person or Governmental Unit that acquires any distribution pursuant to this Plan.

7.2 No Liability for Tax Claims. Unless a taxing authority has asserted a claim against the Debtor before the bar date established therefor, no claim of such authority shall be allowed against the Debtor or the Reorganized Debtor for taxes, penalties or interest arising out of the failure, if any, of the Debtor to have filed any tax return, including, but not limited to, any income tax return or franchise tax return in any prior year or arising out of an audit of any return for a period before the Petition Date.

7.3 Revesting. Except as otherwise expressly provided in this Plan, on the Effective Date, the Reorganized Debtor shall be vested with all of the assets and property of its former Estate, free and clear of all claims, Liens, encumbrances, charges and other interests of holders of claims or Interests, and may operate its business free of any restrictions imposed by the Bankruptcy Code or by the Bankruptcy Court.

7.4 Disallowed Claims and Disallowed Interests. On and after the Effective Date, the Debtor shall be fully and finally discharged of any liability or obligation on a disallowed claim or a disallowed Interest, and any order creating a disallowed claim or a disallowed Interest which is not a Final Order as of the Effective Date solely because of a Person's or Governmental Unit's right to move for reconsideration of such order pursuant to Section 502 of the Bankruptcy Code or Bankruptcy Rule 3008 shall nevertheless become and be deemed a Final Order on the Effective Date.

ARTICLE 8.

PREFERENCES, FRAUDULENT CONVEYANCES AND OTHER CAUSES OF ACTION

Pursuant to Section 547 of the Bankruptcy Code, a debtor in possession may avoid as a preference a transfer of property made by the debtor to or for the benefit of a creditor on account of an antecedent debt while the debtor was insolvent, if that creditor received more than it would have received in a liquidation of the debtor under Chapter 7 of the Bankruptcy Code had the payment not been made and if the payment was made (i) within ninety (90) days before the date that the bankruptcy case commenced, or, (ii) if the creditor is an "insider" as defined in the Bankruptcy Code, within one year before the commencement of the bankruptcy case. A debtor is presumed to have been insolvent during the ninety (90) days preceding the commencement of its bankruptcy case. The power to avoid preferences is subject to a number of exceptions set forth in Section 547 of the Bankruptcy Code, including one exception applicable to the payment of obligations in the ordinary course of business on ordinary business terms. Furthermore, if the transferee extended credit subsequent to the transfer (and prior to the commencement of the bankruptcy case) for which the transferee was not repaid, such extension constitutes an offset against any otherwise recoverable transfer of property. If a transfer is recovered by the debtor, the transferee obtains a general unsecured claim against the debtor to the extent of the recovery.

Pursuant to Section 548 of the Bankruptcy Code, a debtor in possession may avoid a fraudulent transfer of property, including the granting of a security interest in property, made while the debtor was insolvent or which rendered the debtor insolvent, if the debtor received less than reasonably equivalent value in exchange for such property and if the transfer was made within one (1) year before the commencement of the bankruptcy case. Pursuant to Section 544 of the Bankruptcy Code, a debtor in possession may avoid a transfer of property that is avoidable under applicable non-bankruptcy law. Section 544 of the Bankruptcy Code enables a debtor to apply applicable state laws, including fraudulent conveyance laws, to avoid a transfer of property.

Debtor has reviewed its records and determined that there are no material voidable transfers to recover. Debtor knows of no recoverable fraudulent transfers. Therefore, Debtor does not anticipate any further action regarding these matters.

ARTICLE 9.

SOURCE OF INFORMATION PROVIDED

9.1 Source of Information. The Debtor has used its books and records, knowledge and experience, opinions of accountants with respect to its historical financial statements, and opinions of legal counsel in the preparation of the information set forth in this Disclosure Statement.

9.2 Additional Information. Statements contained herein concerning the provisions of any other document are not necessarily complete, and in each instance reference should be made to such document for the full text thereof. Each such statement is qualified by such reference. Certain documents referred to herein have not been attached as exhibits because of

the impracticability of furnishing copies thereof to all parties in interest.

ARTICLE 10.

CONCLUSION

THE DEBTOR URGES HOLDERS OF IMPAIRED CLAIMS TO VOTE TO ACCEPT THE PLAN AND TO EVIDENCE SUCH ACCEPTANCE BY FILING THEIR BALLOTS WITH THE BANKRUPTCY COURT.

Dated: September 30, 2004

RELS MANUFACTURING CORPORATION

By 
David Carroll
Its President

Dated: September 30, 2004

**RAVICH MEYER KIRKMAN
McGRATH & NAUMAN,
A PROFESSIONAL ASSOCIATION**

By /e/ Michael L. Meyer
Michael L. Meyer (72527)

4545 IDS Center
80 South Eighth Street
Minneapolis, MN 55402
Telephone: (612) 332-8511
Facsimile: (612) 332-8302

ATTORNEYS FOR DEBTOR

EXHIBITS TO DISCLOSURE STATEMENT

Exhibit 5.1	Debtor's Financial Statements
Exhibit 5.2	Summary of Financial Projections
Exhibit 7.1	Liquidation Analysis

**EXHIBIT 5.1
TO
DISCLOSURE STATEMENT**

DEBTOR'S FINANCIAL STATEMENTS

EXHIBIT 5.1
TO
DISCLOSURE STATEMENT

RELS MANUFACTURING CORPORATION

**Financial Statements
and
Supplementary Information**

Years Ended March 31, 2004 and 2003

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EDWARD J. NEPPL

CERTIFIED PUBLIC ACCOUNTANT

Washington Drive Executive Center, Suite #205
3459 Washington Drive, Eagan, Minnesota 55122
651-688-8604 Fax 651-688-0010

TO: The Board of Directors
Rels Manufacturing Corporation
Rockford, MN

We have reviewed the accompanying balance sheets for Rels Manufacturing Corporation, as of March 31, 2004 and 2003 and the related statements of income, retained earnings and cash flows for the years then ended, and the accompanying supplementary information contained in Schedule I, which is presented only for supplementary analysis purposes, in accordance with the Statement on Standards for Accounting and Review Services issued by The American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of Rels Manufacturing Corporation.

A review consists principally of inquiries of Company personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted audit standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with generally accepted accounting principles.



Edward J. Neppl
Certified Public Accountant

July 5, 2004

RELS MANUFACTURING CORPORATION

Balance Sheets

March 31, 2004 and 2003

	<u>ASSETS</u>		
	2004		2003
<u>Current Assets</u>			
Trade Receivables	\$ 735,657		\$ 862,891
Notes Receivable-Trade	8,051		20,554
Inventories	618,563		665,482
Prepaid Expenses	80,366		57,454
Total Current Assets	1,442,637		1,606,381
<u>Fixed Assets</u>			
Property & Equipment	\$ 499,824		\$ 495,474
Less: Accumulated Depreciation	(458,313)	41,511	(445,486)
			49,988
<u>Other Assets</u>			
Product Rights - Net	13,312		14,948
Prepaid Royalty	107,493		95,093
Loan Fees - Net	---		305
Cash Value - Life Insurance	134,410		95,787
Due from Affiliated Company	---	255,215	39,377
			245,510
TOTAL ASSETS	\$ 1,739,363		\$ 1,901,879

LIABILITIES & STOCKHOLDER'S EQUITY

<u>Current Liabilities</u>			
Cash Overdraft	\$ 43,933		\$ 73,473
Accounts Payable	244,004		185,603
Notes Payable Trade	70,032		45,929
Wages Payable	7,444		6,899
Other Services Payable	---		2,985
Sales Tax Payable	252		---
Payroll Taxes Payable	1,364		3,310
Income Taxes Payable	16,679		64,682
Interest Payable	91,539		19,718
Current Portion of Long-term Debt	772,889		785,681
Total Current Liabilities	1,248,136		1,188,280
<u>Long Term Liabilities</u>			
Notes Payable (Note B)	\$ 867,008		\$ 843,326
Less: Current Portion Long-term Debt	772,889	94,119	785,681
			57,645
Due to Shareholder	254,538		283,814
<u>Stockholder's Equity</u>			
Common Stock \$.10 par value, Authorized 10,000 Shares, Issued and Outstanding 1000 Shares	100		100
Paid in Surplus	164,900		164,900
Retained Earnings	(22,430)	142,570	207,140
			372,140
TOTAL LIABILITIES & EQUITY	\$ 1,739,363		\$ 1,901,879

See Accompanying Notes and Accountant's Report

RELS MANUFACTURING CORPORATION
Income Statements
Years Ended March 31, 2004 and 2003

	<u>2004</u>	<u>2003</u>
Sales	\$ 2,206,277	\$ 1,908,865
Less Returns & Allowances	<u>36,555</u>	<u>11,786</u>
Net Sales	2,169,722	1,897,079
Cost of Sales (See Schedule I)	<u>1,685,491</u>	<u>1,098,470</u>
Gross Profit	484,231	798,609
Operating Expenses		
Warranty Expense	\$ 3,651	\$ ---
Advertising	37,773	---
Commissions	22,004	5,504
Bank Charges	9,906	16,593
Salaries	150,762	154,755
Property Taxes	---	11,844
Payroll Taxes	12,202	14,748
Insurance	41,667	21,413
Dues & Subscriptions	12,795	---
Pension Expense	4,660	13,782
Employee Benefits	17,109	48,151
Legal & Accounting	59,670	18,543
Meals & Entertainment	482	5,990
Repairs & Maintenance	6,278	4,913
Office Supplies & Postage	10,026	38,383
Bad Debts	92,035	87,562
Research & Development	6,233	---
Rent Expense	20,075	48,200
Telephone & Utilities	45,210	23,365
Royalty Expense	33,600	33,600
Trade Shows & Seminar	35,788	72,037
Travel	13,140	2,048
Outside Services	23,750	---
Depreciation	1,246	2,875
Amortization	1,941	5,811
Miscellaneous Expense	1,508	7,906
Computer Expense	8,663	---
Credit Card Fees	11	2,118
Auto Expense	<u>3,990</u>	<u>---</u>
Total Expenses	<u>676,175</u>	<u>640,141</u>
Net Operating Profit (Loss)	(191,944)	158,468
Other Income & (Expense):		
Miscellaneous Income	17,091	---
Interest Expense	(102,720)	(155,654)
Gain on Sale of Fixed Assets	---	148,573
Income Tax Expense	<u>48,003</u>	<u>(58,608)</u>
Total Other Income & (Expenses)	<u>(37,626)</u>	<u>(65,689)</u>
Income Tax (Expense) Refund	\$ <u>(229,570)</u>	\$ <u>92,779</u>

See Accompanying Notes and Accountant's Report

RELS MANUFACTURING CORPORATION
Statement of Retained Earnings
Years Ended March 31, 2004 and 2003

Retained Earnings March 31, 2002	\$ 114,361
Net Income year ended March 31, 2003	92,779
Retained Earnings March 31, 2003	207,140
Net Loss Year Ended March 31, 2004	<u>(229,570)</u>
Retained Earnings March 31, 2004	\$ <u>(22,430)</u>

See Accompanying Notes and Accountant's Report

RELS MANUFACTURING CORPORATION

Statement of Cash Flows

Year Ended March 31, 2004

Cash Flows from Operating Activities

Net Income (Loss)	\$ (229,570)
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Adjustments to reconcile net income
to net cash provided (used) by operating
activities:

Depreciation	12,827
Amortization	1,941
(Increase) Decrease in:	
Accounts Receivable	139,737
Inventory	46,919
Prepaid Expenses	(22,912)
Other Assets	(11,646)

Increase (Decrease) in:	
Accounts Payable	58,401
Income Tax Payable	(48,003)
Other Current Liabilities	22,409
Accrued Liabilities	<u>69,381</u>

Net Cash Provided by Operating Activities	<u>39,484</u>
---	---------------

Cash Flows from Investing Activities

Purchases of Property & Equipment	<u>(4,350)</u>
-----------------------------------	----------------

Net Cash (Used) by Investing Activities	<u>(4,350)</u>
---	----------------

Cash Flows from Financing Activities

Proceeds of Long Term Debt - Net	36,474
Payment on Long Term Debt	(12,792)
Payments of Officers Loan	<u>(29,276)</u>

Net Cash (Used) by Financing Activities	<u>(5,594)</u>
---	----------------

Net Increase (Decrease) in Cash	29,540
---------------------------------	--------

Cash Beginning of Year	<u>73,473</u>
------------------------	---------------

Cash End of Year	\$ <u><u>43,933</u></u>
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See Accompanying Notes and Accountant's Report

RELS MANUFACTURING CORPORATION
Notes to Financial Statements

Note A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

The company manufactures and sells brake lathes and accessories internationally to distributors and automotive repair shops.

Inventory

Inventory of materials is valued at the lower of cost or market (first-in, first-out method). Work-in-process and finished goods inventories include production costs.

The breakdown of inventory as of:

	March 31, <u>2004</u>	<u>2003</u>
Raw materials	\$ 10,386	\$ 9,439
Work in Process	79,908	62,162
Finished Goods	<u>528,269</u>	<u>593,881</u>
	<u>\$ 618,563</u>	<u>\$ 665,482</u>

Property and Equipment

Property and equipment is recorded at cost and depreciated on the straight-line or accelerated methods over the estimated useful lives of the assets.

Amortization

Product rights are amortized over seventeen years using the straight-line method.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

See Accountant's Report

Note B. LONG TERM LIABILITIES

Long-term Liabilities

As of March 31

2004

2003

Line of Credit dated July 7, 1998, payable to Associated Commercial Finance secured by receivables and inventory. Interest is due monthly on the outstanding balance at a rate of 5.0% over prime. The corporation is in default on this loan.

\$ 499,354

\$ 499,354

The Company has agreed to a compliance ratio under the line of credit which stipulates that net worth and subordinated debt will be maintained in excess of \$345,000.00. As of the measurement date (March 31) covered by these financial statements, the balances are:

	<u>2004</u>	<u>2003</u>
Book Net Worth	\$ 142,570	\$ 372,140
Subordinated Debt	<u>254,538</u>	<u>283,814</u>
Total	<u>\$ 397,108</u>	<u>\$ 655,954</u>

Note Payable to BL Systems, a vendor account converted to Note Payable status, is in default. The judgment interest rate is 8.0% per annum.

192,832

193,124

Note Payable Guardian is secured by the cash value of officer life insurance.

94,119

57,645

Term loan payable to Associated Commercial Finance with scheduled monthly installment payments of \$6,250.00 principal plus interest at 5.0% over prime per annum. The company is in default on this loan.

80,703

93,203

Total

867,008

843,326

Less Current Portion

772,889

785,681

Long Term Liabilities

\$ 94,119

\$ 57,645

Note C. NOTE PAYABLE SHAREHOLDER

As of March 31, 2004 and March 31, 2003 the company also has a note payable of \$254,538 and \$283,814 to its sole stockholder. This note is subject to the compliance ratio as noted above and is carefully monitored. It requires monthly payments of \$1,000 and bears interest at 8% per annum. The owner currently waives the interest payments.

See Accountant's Report

Note D. INCOME TAXES

The company is organized as a "C" Corporation. Federal and State tax liabilities for March 31, 2004 were \$16,979 and for March 31, 2003 they were \$64,682.

The Company has a net operating loss which will be carried back to the 2001 and 2002 federal corporate tax returns. The refund total is estimated to be \$48,003.

Note E. CASH FLOW INFORMATION

For presentation purposes in the statements of cash flows, the company has treated other income, interest expense, penalties and income taxes as direct cash flow activities. Following is a reconciliation of those items:

Net Income (Loss)	\$ (229,570)
Federal Tax Penalty	(653)
Miscellaneous income	(17,091)
Interest, finance charge & penalties	103,373
Income taxes	<u>(48,003)</u>
Net Operating Profit	\$ <u>(191,944)</u>

Note F. BANKRUPTCY PROCEEDINGS

On March 24, 2004 the company filed Chapter 11 bankruptcy. Management is proceeding with the reorganization required under Chapter 11 and expects to return the company to profitable operations when released.

See Accountant's Report

RELS MANUFACTURING CORPORATION
Schedule I - Cost of Sales
Years Ended March 31, 2004 and 2003

	<u>2004</u>	<u>2003</u>
Parts & Accessories	\$ 966,569	\$ 639,311
Freight In	25,875	---
Subcontracts	90,911	88,931
Direct Labor	240,065	241,451
Other Expenses	38,548	94,308
Shop Overhead:		
Tooling	\$ 24,049	\$ ---
Supplies	6,516	---
Insurance	45,671	---
Repairs & Maintenance	20,583	23,448
Utilities	11,786	9,146
Rent	42,075	22,000
Depreciation	11,581	32,948
Freight Out	<u>114,343</u>	<u>92,368</u>
	276,604	179,910
Inventory Changes:		
Beginning Inventories	665,482	520,041
Ending Inventories	<u>618,563</u>	<u>665,482</u>
Net Change	<u>46,919</u>	<u>(145,441)</u>
Cost of Sales	<u>\$ 1,685,491</u>	<u>\$ 1,098,470</u>

See Accompanying Notes and Accountant's Report

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BALANCE SHEET
AS OF JUN 30, 2004

ASSETS

CURRENT ASSETS

1020	Cash in Bank - Operating Acct	596.85
1021	Cash in Bank -Collateral Acct	8310.51
1100	Trade Dollars	147455.85
1200	Accounts Receivable - Pre-Pet.	24995.95
1201	Allowance For Bad Debts	19193.35
1205	Accounts Receivable - Post-Pet	611770.32
1250	Notes Receivable	7450.50
1400	Inventory - Raw Material	12243.63
1410	Inventory - Work in Process	87191.51
1420	Inventory - Finished Goods	470548.91
1510	Prepaid Expense	6220.00
1515	Prepaid Advertising	79380.00
1525	Prepaid Royalty	114884.34
1550	Corporate Tax Refund	48003.00

TOTAL CURRENT ASSETS	1638244.72
----------------------	------------

FIXED ASSETS

1620	Furniture and Fixtures	26726.00
1630	Accum. Depr. Furniture & Fix.	(26726.00)
1640	Machinery and Equipment	396721.00
1650	Accum. Depr. M & E	(357832.75)
1680	Tooling	58438.00
1690	Accum. Depr. Tooling	(58438.00)
1700	Motor Vehicles	30928.96
1701	Accum. Dep. Vehicles	(17938.96)

TOTAL FIXED ASSETS	51878.25
--------------------	----------

OTHER ASSETS

1910	Cost of Financing	20940.35
1920	Product Rights	33000.00
1921	Accum Amortization	(41113.25)
1951	Cash Value - Officer Life Ins.	134410.24

TOTAL OTHER ASSETS	147237.34
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BALANCE SHEET
AS OF JUN 30, 2004

TOTAL ASSETS

1837360.31
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BALANCE SHEET
AS OF JUN 30, 2004

LIABILITIES AND EQUITY

LIABILITIES

CURRENT LIABILITIES

2000	Accounts Payable	251132.65
2050	Note Payable - Vendors	69730.78
2075	BNC Line of Credit	499353.78
2075	BNC Term Note #1	70702.89
2107	Loan Payable - Guardian	94119.68
2125	Note Payable BL Systems Inc	192832.37
2200	Withheld Tax - FICA	1163.63
2210	Withheld Tax - Federal	739.59
2220	Withheld Tax - State	293.78
2222	Income Tax Payable	54681.80
2400	Accrued Interest	98190.30
2452	Accrued Legal Fees	6000.00
2500	Accrued Sales Tax	302.35
2550	Accrued Unemployment Taxes	2040.78
2551	Accrued SEP IRA	2949.86
2600	Accrued Salaries	5751.86

TOTAL CURRENT LIABILITIES 1359986.10

LONG TERM LIABILITIES

2900	Note Payable - Officer	254537.78
2915	Unearned Revenue	36393.93

TOTAL LONG TERM LIABILITIES 290931.71

TOTAL LIABILITIES 1650917.81

STOCKHOLDERS EQUITY

3000	Capital Stock	100.00
3100	Additional Paid in Capital	164900.00
3200	Retained Earnings	(22429.08)
	NET PROFIT	43871.58

TOTAL STOCKHOLDERS EQUITY 186442.50

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BALANCE SHEET
AS OF JUN 30, 2004

TOTAL LIABILITIES & EQUITY	1837260.31
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INCOME STATEMENT
FOR THE PERIODS ENDED JUN 30, 2004

ACCT NO	DESCRIPTION	*** CURRENT PERIOD *** AMOUNT	PCT	**** YEAR-TO-DATE **** AMOUNT	PCT
REVENUE					
4000	Sales - 204	66813.47	27.12	90648.59	14.47
4001	Sales - 204S	3500.00	1.42	14712.15	2.35
4005	Sales - Reis 2000	53935.50	25.96	263965.93	42.13
4010	Sales - 304	12275.00	4.98	24550.00	3.92
4021	Sales - Adapter Plus Systems	4679.36	1.90	15705.82	2.51
4022	Sales - Gear Boxes	81.95	.03	5982.79	.95
4028	Parts/access. for Wheel/Tire	2383.45	.97	5840.67	.93
4030	Sales - Parts & Accessories	23257.80	9.44	98673.13	15.75
4043	SALES - 502H	.00	.00	1795.00-	.29-
4048	SALES - 1002	4995.00	2.03	4995.00	.80
4052	Sales - 1200 (502)	4988.00	2.03	7483.00	1.19
4060	Sales - 1300TRX	26370.98	10.71	32360.98	5.17
4061	Sales - 1200X	8144.48	3.31	13229.48	2.11
4062	Sales - 1250X	5685.00	2.31	9475.00	1.51
4063	Sales - 802X	13575.98	5.51	13575.98	2.17
4064	Sales - 602X	4754.48	1.93	6449.48	1.03
4080	Sales - Other *	1127.23	.46	1127.23	.18
4400	Sales Discounts	2104.93-	1.26-	7886.55	1.26
4500	Freight Charged Customers	2859.83	1.16	11619.93	1.85
TOTAL REVENUE		246321.58	100.00	626486.71	100.00
COST OF GOODS SOLD					
5000	Purchases - 204 Materials	9558.47	3.88	32294.37	5.15
5001	Purchases - 304 materials	4707.73	1.91	8106.92	1.29
5003	Purchases - Parts & Access.	20819.76	8.45	44371.44	7.08
5004	RELS 2000	20704.89	8.41	71311.25	11.38
5010	Direct Labor	19675.15	7.99	51006.62	8.14
5015	Direct Labor - Overtime	725.96	.29	1744.87	.28
5017	Vacation - Shop	1269.56	.52	1608.64	.26
5018	Holiday - Shop	830.70	.34	830.70	.13
5020	Contract Labor	1646.44	.67	7352.82	1.17
5028	Purchases - Parts & Access T/B	460.00	.19	755.55	.12
5046	Purchases - 852	679.00	.28	679.00	.11
5050	Plating Subcontract	479.01	.19	1257.98	.20
5060	Grinding Subcontract	5786.00	2.35	15072.00	2.41
5070	Machining Subcontract	2094.40	.85	3035.24	.48
5080	Other Subcontract	919.60	.37	3825.15	.61
5100	Purchases - 1300TRX	1315.00	.53	15671.23	2.50
5101	Purchases - 1200X	.00	.00	7785.83	1.24
5102	Purchases - 1250X	.00	.00	8839.33	1.41
5103	Purchases - 802X	.00	.00	6323.34	1.01

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INCOME STATEMENT
FOR THE PERIODS ENDED JUN 30, 2004

ACCT NO	DESCRIPTION	*** CURRENT PERIOD *** AMOUNT	PCT	**** YEAR-TO-DATE **** AMOUNT	PCT
5104	Purchases - 602X	.00	.00	5884.63	.94
5110	Tooling	1435.50	.58	5818.66	.93
5120	Supplies	542.87	.22	1228.34	.20
5140	Cutting Oil and Solvents	1307.13	.53	1473.10	.24
5150	Shipping and Freight - Out	6809.10	2.76	25761.45	4.11
5155	Freight - In	4838.33	1.96	9993.74	1.60
5160	Packaging Materials	.00	.00	2504.20	.40
5200	Taxes - Payroll	1784.26	.72	4558.74	.73
5215	Insurance - Medical	1510.95	.61	3707.68	.59
5217	Insurance - General	.00	.00	2104.00	.34
5220	Repairs and Maintenance - Shop	184.82	.08	1472.52	.24
5230	Utilities - Shop	1241.50	.50	3596.00	.57
5240	Rent - Shop	3825.00	1.55	11475.00	1.83
5250	Depreciation	874.25	.35	2622.75	.42
5270	Custom & Broker Fees	1331.05	.54	1651.74	.26
5300	Medical Costs	672.99	.27	1959.20	.31
5310	Incr./Decr. to Inventory	46462.83	18.86	48578.98	7.75
5510	Warranty Expense	3601.80	1.46	3943.30	.63
5900	Misc. Expense	.00	.00	2725.95	.44
	TOTAL COST OF GOODS SOLD	165072.20	67.01	415516.90	66.32
	GROSS PROFIT	81249.38	32.99	210969.81	33.68

OPERATING EXPENSES

ACCT NO	DESCRIPTION	AMOUNT	PCT	AMOUNT	PCT
SELLING EXPENSES					
6010	Advertising - Printed Material	63.34	.03	63.34	.01
6050	Automobile Expenses	544.75	.22	689.74	.11
6100	Commissions	4122.15	1.67	6561.48	1.05
6260	Entertainment - Meals	1467.33	.60	2585.08	.41
6270	Hotel Expense	2512.52	1.02	4004.36	.64
6500	Travel	2520.15	1.02	7393.48	1.18
	TOTAL SELLING EXPENSES	11230.24	4.56	21297.48	3.40

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INCOME STATEMENT
FOR THE PERIODS ENDED JUN 30, 2004

ACCT NO	DESCRIPTION	*** CURRENT PERIOD *** AMOUNT	PCT	**** YEAR-TO-DATE **** AMOUNT	PCT

	GENL & ADMIN EXPENSES				
7010	Salaries - Office	14080.57	5.72	39598.56	6.22
7013	Vacation - Office	1192.39	.48	1192.39	.19
7014	Holiday - Office	81.00	.03	81.00	.01
7015	Office Wages - Overtime	.00	.00	10.89	.00
7020	Contract Labor - Admin.	6950.00	2.82	12750.00	2.04
7025	Professional Services	.00	.00	200.50	.03
7062	Amortization - Product Rights	161.75	.07	465.25	.08
7070	Royalty Expense	2000.00	.81	6000.00	.96
7100	Bad Debt Expense	.00	.00	7361.00	1.17
7110	Bank Charges	1174.83	.48	2521.23	.40
7115	Credit Card Fees	43.91	.02	164.39	.03
7140	Computer Expense	372.04	.15	372.04	.06
7145	Surcharge Expense	.00	.00	1200.00	.19
7210	Insurance - W/C	3009.50	1.22	6019.00	.96
7220	Insurance - Medical	3285.10	1.33	14749.90	2.35
7300	Legal and Accounting	3120.00	1.27	12120.00	1.93
7350	Mtnce & Repairs - Office Bldg	318.07	.13	667.09	.11
7400	Office Supplies	.00	.00	311.90	.05
7410	Postage	235.85	.10	586.25	.09
7450	Rent - Office	1825.00	.74	5475.00	.87
7500	Research and Development	530.00	.22	530.00	.08
7501	Retirement Plan Expense	138.77	.06	314.10	.05
7600	Waste Removal	339.51	.14	545.92	.09
7620	Taxes - Payroll	1177.45	.48	3103.30	.50
7650	Telephone	4359.51	1.77	9289.42	1.48
7670	Utilities - Gas Heat	536.42	.22	1990.25	.32
7680	Utilities - Water and Sewer	858.05	.35	1064.04	.17
TOTAL GENL & ADMIN EXPENSES		45789.82	18.59	128703.42	20.54
TOTAL EXPENSES		57020.06	23.15	150000.90	23.94
OTHER INCOME AND EXPENSES					
8160	Purchase Discounts	.01	.00	187.01	.03
8180	Miscellaneous Income	.00	.00	2814.74	.45
8300	Interest Expense	6651.27-	2.70-	19849.08-	3.17-
8302	Bankruptcy Fees	.00	.00	250.00-	.04-
TOTAL OTHER INC. & EXP.		6651.26-	2.70-	17097.33-	2.72-
NET INCOME BEFORE INCOME TAX		17578.06	7.14	43871.58	7.00

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INCOME STATEMENT
FOR THE PERIODS ENDED JUN 30, 2004

ACCT NO	DESCRIPTION	*** CURRENT PERIOD ***		**** YEAR-TO-DATE ****	
		AMOUNT	PCT	AMOUNT	PCT

PROVISION FOR INCOME TAXES

NET INCOME		17578.06	7.14	43871.58	7.00
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Rel's Manufacturing

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INCOME STATEMENT WITH PRIOR PERIOD
FOR CURRENT PERIODS ENDED JUN 30, 2004

ACCT NO	DESCRIPTION	*** CURRENT PERIOD ***		**** PRIOR PERIOD ****		**** YEAR-TO-DATE ****	
		AMOUNT	PCT	AMOUNT	PCT	AMOUNT	PCT
<hr/>							
	REVENUE						
4000	Sales - 204	66813.47	27.12	4414.37	3.25	90648.59	14.47
4001	Sales - 204S	3500.00	1.42	3514.05	2.66	14712.15	2.35
4005	Sales - Rel's 2000	53935.50	25.96	56476.50	41.60	253965.93	42.13
4010	Sales - 304	12275.00	4.98	.00	.00	24550.00	3.92
4021	Sales - Adapter Plus Systems	4678.36	1.90	5949.11	4.38	15705.82	2.51
4022	Sales - Gear Boxes	81.95	.03	4238.95	3.12	5982.79	.95
4028	Parts/access. for Wheel/Tire	2383.45	.97	2626.32	1.93	5840.67	.93
4030	Sales - Parts & Accessories	23257.80	9.44	41029.39	30.22	98673.13	15.75
4043	SALES - 602H	.00	.00	.00	.00	1795.00	.29
4048	SALES - 1002	4995.00	2.03	.00	.00	4995.00	.80
4052	Sales - 1200 (502)	4988.00	2.03	.00	.00	7483.00	1.19
4060	Sales - 1300TRX	26370.98	10.71	5590.00	4.41	32360.98	5.17
4061	Sales - 1200X	3144.48	3.31	5085.00	3.75	13229.48	2.11
4062	Sales - 1250X	5685.00	2.31	3790.00	2.79	9475.00	1.51
4063	Sales - 302X	13575.98	5.51	.00	.00	13575.98	2.17
4064	Sales - 602X	4754.48	1.93	1695.00	1.25	6449.48	1.03
4080	Sales - Other	1127.23	.46	.00	.00	1127.23	.18
4400	Sales Discounts	3104.93	1.26	2811.87	2.07	7886.55	1.26
4500	Freight Charged Customers	2859.83	1.16	3650.29	2.69	11619.93	1.85
	TOTAL REVENUE	246321.58	100.00	135747.11	100.00	626486.71	100.00
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	COST OF GOODS SOLD						
5000	Purchases - 204 Materials	9558.47	3.88	14403.52	10.61	32294.37	5.15
5001	Purchases - 304 materials	4707.73	1.91	110.00	.08	8106.92	1.29
5003	Purchases - Parts & Access.	20819.76	8.45	10689.87	7.87	44371.44	7.08
5004	RELS 2000	20704.99	8.41	37305.96	27.48	71311.25	11.38
5010	Direct Labor	19675.15	7.99	15807.81	11.65	51006.62	8.14
5015	Direct Labor - Overtime	725.96	.29	512.10	.38	1744.87	.28
5017	Vacation - Shop	1259.56	.52	339.08	.25	1608.64	.26
5018	Holiday - Shop	830.70	.34	.00	.00	830.70	.13
5020	Contract Labor	1646.44	.67	200.00	.15	7352.82	1.17
5028	Purchases - Parts & Access T/S	460.00	.19	.00	.00	755.55	.12
5046	Purchases - 852	679.00	.28	.00	.00	679.00	.11
5050	Plating Subcontract	479.01	.19	628.97	.46	1257.98	.20
5060	Grinding Subcontract	5786.00	2.35	3944.00	2.91	15072.00	2.41
5070	Machining Subcontract	2094.40	.85	684.84	.50	3035.24	.48
5080	Other Subcontract	919.50	.37	1620.25	1.19	3825.15	.61
5100	Purchases - 1300TRX	1315.00	.53	14356.23	10.58	15671.23	2.50
5101	Purchases - 1200X	.00	.00	7785.83	5.74	7785.83	1.24
5102	Purchases - 1250X	.00	.00	2839.33	6.51	9839.33	1.41
5103	Purchases - 802X	.00	.00	6323.34	4.66	6323.34	1.01

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INCOME STATEMENT WITH PRIOR PERIOD
FOR CURRENT PERIODS ENDED JUN 30, 2004

ACCT NO	DESCRIPTION	*** CURRENT PERIOD ***		**** PRIOR PERIOD ****		**** YEAR-TO-DATE ****	
		AMOUNT	PCT	AMOUNT	PCT	AMOUNT	PCT
5104	Purchases - 602X	.00	.00	5884.53	4.33	5884.53	.94
5110	Tooling	1435.50	.58	2918.06	2.08	5818.66	.93
5120	Supplies	542.87	.22	60.24	.04	1228.34	.20
5140	Cutting Oil and Solvents	1307.13	.53	165.92	.12	1473.10	.24
5150	Shipping and Freight - Out	6809.10	2.76	9974.94	7.35	25761.45	4.11
5155	Freight - In	4838.33	1.96	4258.53	3.14	9993.74	1.50
5160	Packaging Materials	.00	.00	1626.60	1.20	2504.20	.40
5200	Taxes - Payroll	1784.26	.72	1321.84	.97	4558.74	.73
5215	Insurance - Medical	1510.95	.61	1172.23	.86	3707.68	.59
5217	Insurance - General	.00	.00	.00	.00	2104.00	.34
5220	Repairs and Maintenance - Shop	184.82	.08	175.00	.13	1472.52	.24
5230	Utilities - Shop	1241.50	.50	1071.00	.79	3596.00	.57
5240	Rent - Shop	3825.00	1.55	3825.00	2.82	11475.00	1.83
5250	Depreciation	874.25	.35	874.25	.64	2622.75	.42
5270	Custom & Broker Fees	1331.05	.54	841.68	.62	1651.74	.26
5300	Medical Costs	672.99	.27	639.29	.47	1959.20	.31
5310	Incr./Decr. to Inventory	46462.83	18.86	77555.68	57.13	48578.98	7.75
5510	Warranty Expense	3601.80	1.46	241.50	.18	3943.30	.63
5900	Misc. Expense	.00	.00	2725.95	2.01	2725.95	.44
	TOTAL COST OF GOODS SOLD	165072.20	67.01	81327.55	59.91	415516.90	66.32
	GROSS PROFIT	81249.38	32.99	54419.56	40.09	210969.81	33.68
	OPERATING EXPENSES						
	SELLING EXPENSES						
6010	Advertising - Printed Material	63.34	.03	.00	.00	63.34	.01
6050	Automobile Expenses	544.75	.22	94.99	.07	689.74	.11
6100	Commissions	4122.15	1.67	.00	.00	6561.48	1.05
6260	Entertainment - Meals	1467.33	.60	1117.75	.82	2585.08	.41
6270	Hotel Expense	2512.52	1.02	1491.84	1.10	4004.36	.64
6500	Travel	2520.15	1.02	2673.33	1.97	7393.48	1.18
	TOTAL SELLING EXPENSES	11230.24	4.56	5377.91	3.96	21297.48	3.40

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INCOME STATEMENT WITH PRIOR PERIOD
FOR CURRENT PERIODS ENDED JUN 30, 2004

ACCT NO	DESCRIPTION	*** CURRENT PERIOD ***		**** PRIOR PERIOD ****		**** YEAR-TO-DATE ****	
		AMOUNT	PCT	AMOUNT	PCT	AMOUNT	PCT
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	GENL & ADMIN EXPENSES						
7010	Salaries - Office	14080.57	5.72	12360.30	9.11	39598.56	6.32
7013	Vacation - Office	1192.39	.48	.00	.00	1192.39	.19
7014	Holiday - Office	81.00	.03	.00	.00	81.00	.01
7015	Office Wages - Overtime	.00	.00	.00	.00	10.89	.00
7020	Contract Labor - Admin.	5950.00	2.82	5800.00	4.27	12750.00	2.04
7025	Professional Services	.00	.00	420.00	.31	200.50	.03
7062	Amortization - Product Rights	151.75	.07	151.75	.12	485.25	.08
7070	Royalty Expense	2000.00	.81	2000.00	1.47	6000.00	.96
7100	Bad Debt Expense	.00	.00	.00	.00	7351.00	1.17
7110	Bank Charges	1174.93	.48	819.81	.60	2521.23	.40
7115	Credit Card Fees	43.91	.02	120.48	.09	164.39	.03
7140	Computer Expense	372.04	.15	.00	.00	372.04	.06
7145	Surcharge Expense	.00	.00	1200.00	.98	1200.00	.19
7210	Insurance - W/C	3009.50	1.22	3009.50	2.22	6019.00	.96
7220	Insurance - Medical	3285.10	1.33	3388.57	2.50	14749.90	2.35
7300	Legal and Accounting	3120.00	1.27	3000.00	2.21	12120.00	1.93
7350	Mtnce & Repairs - Office Bldg	318.07	.13	152.20	.11	567.09	.11
7400	Office Supplies	.00	.00	311.90	.23	311.90	.05
7410	Postage	235.85	.10	276.40	.20	586.25	.09
7450	Rent - Office	1825.00	.74	1825.00	1.34	5475.00	.87
7500	Research and Development	530.00	.22	.00	.00	530.00	.08
7501	Retirement Plan Expense	138.77	.06	101.55	.07	314.10	.05
7600	Waste Removal	339.51	.14	.00	.00	545.92	.09
7620	Taxes - Payroll	1177.45	.48	970.64	.72	3103.30	.50
7650	Telephone	4359.61	1.77	3221.72	2.37	9289.42	1.48
7670	Utilities - Gas Heat	536.42	.22	530.69	.39	1990.25	.32
7680	Utilities - Water and Sewer	858.05	.35	205.99	.15	1064.04	.17
	TOTAL GENL & ADMIN EXPENSES	45789.82	18.59	39876.60	29.38	128703.42	20.54
	TOTAL EXPENSES	57020.06	23.15	45254.51	33.34	150000.90	23.94
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	OTHER INCOME AND EXPENSES						
8160	Purchase Discounts	.01	.00	.00	.00	187.01	.03
8180	Miscellaneous Income	.00	.00	.00	.00	2814.74	.45
8300	Interest Expense	6651.27-	2.70-	7607.90-	5.60-	19849.08-	3.17-
8302	Bankruptcy Fees	.00	.00	250.00-	.18-	250.00-	.04-
	TOTAL OTHER INC. & EXP.	6651.26-	2.70-	7857.90-	5.78-	17097.33-	2.73-
	NET INCOME BEFORE INCOME TAX	17573.06	7.14	1307.15	.96	43871.58	7.00

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INCOME STATEMENT WITH PRIOR PERIOD
FOR CURRENT PERIODS ENDED JUN 30, 2004

ACCT	DESCRIPTION	*** CURRENT PERIOD ***	**** PRIOR PERIOD ****	**** YEAR-TO-DATE ****			
NO		AMOUNT	PCT	AMOUNT	PCT	AMOUNT	PCT

PROVISION FOR INCOME TAXES

NET INCOME	17578.06	7.14	1307.15	.96	43871.58	7.00
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**EXHIBIT 5.2
TO
DISCLOSURE STATEMENT**

SUMMARY OF FINANCIAL PROJECTIONS

RELS MANUFACTURING CASH FLOW BUDGET

EXHIBIT 5.2
TO
DISCLOSURE STATEMENT

August 1 2004 TO March 31 2005

REVENUE	AUG	SEPT	OCT	NOV	DEC	JAN	FEB	MAR	TOTAL
204C	\$ 11,700.00	\$ 11,700.00	\$ 11,700.00	\$ 11,700.00	\$ 11,700.00	\$ 11,700.00	\$ 11,700.00	\$ 11,700.00	\$ 93,600.00
204S	\$ 3,700.00	\$ 3,700.00	\$ 3,700.00	\$ 3,700.00	\$ 3,700.00	\$ 3,700.00	\$ 3,700.00	\$ 3,700.00	\$ 29,800.00
2000 Brake Lathe	\$ 76,000.00	\$ 76,000.00	\$ 76,000.00	\$ 76,000.00	\$ 76,000.00	\$ 76,000.00	\$ 76,000.00	\$ 76,000.00	\$ 608,000.00
304 Brake Lathe			\$ 9,900.00				\$ 9,900.00		\$ 19,800.00
ADAPTER PLUS				\$ 5,600.00		\$ 5,600.00		\$ 5,600.00	\$ 44,800.00
GEAR BOX	\$ 5,600.00	\$ 5,600.00	\$ 5,600.00	\$ 5,600.00	\$ 5,600.00	\$ 5,600.00	\$ 5,600.00	\$ 5,600.00	\$ 24,500.00
1200X Tire changer	\$ 3,000.00	\$ 3,000.00	\$ 3,000.00	\$ 3,000.00	\$ 3,000.00	\$ 3,000.00	\$ 3,000.00	\$ 3,500.00	\$ 87,750.00
1250X Tire Changer	\$ 7,300.00	\$ 7,300.00	\$ 11,375.00	\$ 11,375.00	\$ 11,375.00	\$ 10,950.00	\$ 11,375.00	\$ 11,375.00	\$ 80,300.00
1300TRX	\$ 14,250.00	\$ 14,250.00	\$ 22,800.00	\$ 22,800.00	\$ 22,800.00	\$ 22,800.00	\$ 22,800.00	\$ 22,800.00	\$ 165,300.00
802HX Wheel balancer	\$ 9,750.00	\$ 11,375.00	\$ 11,375.00	\$ 11,375.00	\$ 11,375.00	\$ 13,000.00	\$ 13,000.00	\$ 13,000.00	\$ 94,250.00
802X Wheel balancer	\$ 5,850.00	\$ 5,850.00	\$ 11,700.00	\$ 11,700.00	\$ 11,700.00	\$ 11,700.00	\$ 11,700.00	\$ 11,700.00	\$ 81,900.00
1002X Wheel balancer				\$ 10,350.00	\$ 10,350.00	\$ 10,350.00	\$ 10,350.00	\$ 10,350.00	\$ 51,750.00
1200X Tire changer Ampiro	\$ 4,050.00	\$ 4,050.00	\$ 4,050.00	\$ 4,050.00	\$ 4,050.00	\$ 4,050.00	\$ 4,050.00	\$ 4,050.00	\$ 32,400.00
1250X Tire Changer-Ampiro	\$ 2,980.00	\$ 2,980.00	\$ 2,980.00	\$ 2,980.00	\$ 2,980.00	\$ 2,980.00	\$ 2,980.00	\$ 2,980.00	\$ 23,920.00
1300TRX Tire changer-Ampiro	\$ 4,590.00	\$ 4,590.00	\$ 4,590.00	\$ 4,590.00	\$ 4,590.00	\$ 4,590.00	\$ 4,590.00	\$ 4,590.00	\$ 36,720.00
802X Ampiro	\$ 4,050.00	\$ 4,050.00	\$ 4,050.00	\$ 4,050.00	\$ 4,050.00	\$ 4,050.00	\$ 4,050.00	\$ 4,050.00	\$ 32,400.00
802X Wheel balancer-Ampiro	\$ 1,495.00	\$ 1,495.00	\$ 1,495.00	\$ 1,495.00	\$ 1,495.00	\$ 1,495.00	\$ 1,495.00	\$ 1,495.00	\$ 11,960.00
1002X Wheel balancer-Ampiro				\$ 2,985.00	\$ 2,985.00	\$ 2,985.00	\$ 2,985.00	\$ 2,985.00	\$ 14,975.00
PARTS AND ACCESSORIES	\$ 40,000.00	\$ 40,000.00	\$ 40,000.00	\$ 40,000.00	\$ 40,000.00	\$ 42,000.00	\$ 42,000.00	\$ 42,000.00	\$ 328,000.00
RETURNS AND ALLOW.	\$ (3,571.31)	\$ (3,599.75)	\$ (4,117.31)	\$ (4,117.31)	\$ (4,177.60)	\$ (4,212.60)	\$ (4,241.04)	\$ (4,414.29)	\$ (32,583.69)
DISCOUNTS	\$ (2,360.05)	\$ (2,380.00)	\$ (2,743.22)	\$ (2,785.53)	\$ (2,810.09)	\$ (2,830.05)	\$ (2,951.63)	\$ (2,836.19)	\$ (21,696.77)
FREIGHT	\$ 3,200.00	\$ 3,200.00	\$ 3,200.00	\$ 3,200.00	\$ 3,200.00	\$ 3,200.00	\$ 3,200.00	\$ 3,200.00	\$ 25,600.00
TOTAL SALES	\$201,343.84	\$202,920.25	\$231,614.47	\$234,956.87	\$236,897.31	\$238,473.91	\$248,079.08	\$238,959.02	\$1,833,244.55
COST OF GOODS SOLD									
PURCHASES-204	\$ 5,852.00	\$ 5,852.00	\$ 5,852.00	\$ 5,852.00	\$ 5,852.00	\$ 5,852.00	\$ 5,852.00	\$ 5,852.00	\$ 46,816.00
PURCHASES-304									\$ 3,960.00
PURCHASES-Prts&Acc.	\$ 14,000.00	\$ 14,000.00	\$ 14,000.00	\$ 14,000.00	\$ 14,700.00	\$ 14,700.00	\$ 14,700.00	\$ 14,700.00	\$ 114,800.00
PURCHASES-2000	\$ 28,880.00	\$ 28,880.00	\$ 28,880.00	\$ 28,880.00	\$ 28,880.00	\$ 28,880.00	\$ 28,880.00	\$ 28,880.00	\$ 231,040.00
PURCHASES-1200X	\$ 4,500.00	\$ 4,500.00	\$ 5,250.00	\$ 5,250.00	\$ 5,250.00	\$ 5,250.00	\$ 5,250.00	\$ 5,250.00	\$ 40,500.00
PURCHASES-1250X	\$ 3,600.00	\$ 3,600.00	\$ 5,400.00	\$ 5,400.00	\$ 5,400.00	\$ 5,400.00	\$ 5,400.00	\$ 5,400.00	\$ 39,600.00
PURCHASES-1300TRX	\$ 7,325.00	\$ 7,325.00	\$ 11,720.00	\$ 11,720.00	\$ 11,720.00	\$ 11,720.00	\$ 11,720.00	\$ 11,720.00	\$ 84,970.00
PURCHASES-802HX	\$ 4,800.00	\$ 5,600.00	\$ 5,600.00	\$ 5,600.00	\$ 5,600.00	\$ 6,400.00	\$ 6,400.00	\$ 6,400.00	\$ 46,400.00
PURCHASES-802X	\$ 2,250.00	\$ 2,250.00	\$ 4,500.00	\$ 4,500.00	\$ 4,500.00	\$ 4,500.00	\$ 4,500.00	\$ 4,500.00	\$ 31,500.00
PURCHASES-1002X				\$ 4,200.00	\$ 4,200.00	\$ 4,200.00	\$ 4,200.00	\$ 4,200.00	\$ 21,000.00
PURCHASES-1200X Ampiro	\$ 2,250.00	\$ 2,250.00	\$ 2,250.00	\$ 2,250.00	\$ 2,250.00	\$ 2,250.00	\$ 2,250.00	\$ 2,250.00	\$ 18,000.00
PURCHASES-1250X Ampiro	\$ 1,500.00	\$ 1,500.00	\$ 1,500.00	\$ 1,500.00	\$ 1,500.00	\$ 1,500.00	\$ 1,500.00	\$ 1,500.00	\$ 12,000.00
PURCHASES-1300TRX Ampiro	\$ 2,800.00	\$ 2,800.00	\$ 2,800.00	\$ 2,800.00	\$ 2,800.00	\$ 2,800.00	\$ 2,800.00	\$ 2,800.00	\$ 22,400.00
PURCHASES-802HX Ampiro	\$ 2,100.00	\$ 2,100.00	\$ 2,100.00	\$ 2,100.00	\$ 2,100.00	\$ 2,100.00	\$ 2,100.00	\$ 2,100.00	\$ 16,800.00
PURCHASES-802X Ampiro	\$ 750.00	\$ 750.00	\$ 750.00	\$ 750.00	\$ 750.00	\$ 750.00	\$ 750.00	\$ 750.00	\$ 6,000.00
PURCHASES-1002X Ampiro				\$ 1,465.00	\$ 1,465.00	\$ 1,465.00	\$ 1,465.00	\$ 1,465.00	\$ 7,325.00
PURCHASES-GEARBOXES	\$ 1,440.00	\$ 1,440.00	\$ 1,440.00	\$ 1,440.00	\$ 1,440.00	\$ 1,440.00	\$ 1,440.00	\$ 1,440.00	\$ 11,760.00
PURCHASES-ADAP. +	\$ 900.00	\$ 900.00	\$ 900.00	\$ 900.00	\$ 900.00	\$ 900.00	\$ 900.00	\$ 900.00	\$ 7,200.00
DIRECT LABOR	\$ 20,000.00	\$ 20,000.00	\$ 22,000.00	\$ 22,000.00	\$ 22,000.00	\$ 22,000.00	\$ 24,000.00	\$ 24,000.00	\$ 176,000.00
CONTRACT LABOR	\$ 70.00	\$ 70.00	\$ 70.00	\$ 70.00	\$ 70.00	\$ 70.00	\$ 70.00	\$ 70.00	\$ 560.00
PLATING SUBCONTR.	\$ 210.00	\$ 210.00	\$ 210.00	\$ 210.00	\$ 210.00	\$ 210.00	\$ 210.00	\$ 210.00	\$ 1,680.00
GRINDING SUBCONTR.	\$ 3,000.00	\$ 3,000.00	\$ 3,000.00	\$ 3,000.00	\$ 3,000.00	\$ 3,000.00	\$ 3,000.00	\$ 3,000.00	\$ 24,000.00
MACH. SUBCONTRACT	\$ 1,800.00	\$ 1,800.00	\$ 1,800.00	\$ 1,800.00	\$ 1,800.00	\$ 1,800.00	\$ 1,800.00	\$ 1,800.00	\$ 14,400.00
OTHER SUBCONTR.	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 8,000.00
TOOLING	\$ 800.00	\$ 800.00	\$ 800.00	\$ 800.00	\$ 800.00	\$ 800.00	\$ 800.00	\$ 800.00	\$ 6,400.00
SUPPLIES	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 4,000.00
EQUIPMENT RENTAL	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00	\$ 800.00
CUT. OILS AND SOL.	\$ 70.00	\$ 70.00	\$ 70.00	\$ 70.00	\$ 70.00	\$ 70.00	\$ 70.00	\$ 70.00	\$ 560.00
SHIPPING & FRT.-OUT	\$ 11,478.59	\$ 11,586.45	\$ 13,202.02	\$ 13,392.54	\$ 13,503.15	\$ 13,593.01	\$ 14,140.51	\$ 13,620.86	\$ 104,494.94
SHIPPING-FREIGHT- IN	\$ 2,000.00	\$ 2,000.00	\$ 2,000.00	\$ 2,000.00	\$ 2,000.00	\$ 2,000.00	\$ 2,000.00	\$ 2,000.00	\$ 16,000.00
PACKAGING	\$ 2,000.00	\$ 2,000.00	\$ 2,000.00	\$ 2,000.00	\$ 2,000.00	\$ 2,000.00	\$ 2,000.00	\$ 2,000.00	\$ 16,000.00
TAXES-PAYROLL	\$ 1,600.00	\$ 1,600.00	\$ 1,600.00	\$ 1,600.00	\$ 1,600.00	\$ 1,600.00	\$ 1,600.00	\$ 1,600.00	\$ 12,800.00
INSURANCE-WC	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 4,000.00
INSURANCE-MEDICAL	\$ 400.00	\$ 400.00	\$ 400.00	\$ 400.00	\$ 400.00	\$ 400.00	\$ 400.00	\$ 400.00	\$ 3,200.00
INSURANCE- GEN.	\$ 1,100.00	\$ 1,100.00	\$ 1,100.00	\$ 1,100.00	\$ 1,100.00	\$ 1,100.00	\$ 1,100.00	\$ 1,100.00	\$ 8,800.00
REP. & MAIN.-SHOP	\$ 2,000.00	\$ 2,000.00	\$ 2,000.00	\$ 2,000.00	\$ 2,000.00	\$ 2,000.00	\$ 2,000.00	\$ 2,000.00	\$ 16,000.00
UTILITIES-SHOP	\$ 1,200.00	\$ 1,200.00	\$ 1,200.00	\$ 1,200.00	\$ 1,200.00	\$ 1,200.00	\$ 1,200.00	\$ 1,200.00	\$ 9,600.00
TRAINING	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00	\$ 800.00
RENT-SHOP	\$ 3,800.00	\$ 3,800.00	\$ 3,800.00	\$ 3,800.00	\$ 3,800.00	\$ 3,800.00	\$ 3,800.00	\$ 3,800.00	\$ 30,400.00
DEPRECIATION	\$ 600.00	\$ 600.00	\$ 600.00	\$ 600.00	\$ 600.00	\$ 600.00	\$ 600.00	\$ 600.00	\$ 4,800.00
BROKERS FEES	\$ 700.00	\$ 700.00	\$ 700.00	\$ 700.00	\$ 700.00	\$ 700.00	\$ 700.00	\$ 700.00	\$ 5,600.00
WARRANTY EXPENSE	\$ 600.00	\$ 600.00	\$ 600.00	\$ 600.00	\$ 600.00	\$ 600.00	\$ 600.00	\$ 600.00	\$ 4,800.00
MISC. EXPENSE	\$ 50.00	\$ 50.00	\$ 50.00	\$ 50.00	\$ 50.00	\$ 50.00	\$ 50.00	\$ 50.00	\$ 400.00
COST OF GOODS	\$138,623.59	\$139,513.45	\$157,204.02	\$159,089.54	\$159,910.15	\$160,800.01	\$167,307.51	\$163,067.68	\$1,245,525.94
GROSS PROFIT	\$ 62,720.05	\$ 63,406.79	\$ 74,410.44	\$ 75,867.33	\$ 76,987.16	\$ 77,673.90	\$ 80,771.57	\$ 75,891.36	\$ 587,718.61
	0.31	0.31	0.32	0.32	0.32	0.33	0.33	0.32	0.32

EXHIBIT 5.2
TO
DISCLOSURE STATEMENT

April 1 2005 TO March 31 2006

	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Total
REVENUE	\$ 11,700.00	\$ 11,700.00	\$ 11,700.00	\$ 11,700.00	\$ 11,700.00	\$ 11,700.00	\$ 11,700.00	\$ 11,700.00	\$ 11,700.00	\$ 11,700.00	\$ 11,700.00	\$ 11,700.00	\$ 140,400.00
204C	\$ 3,700.00	\$ 3,700.00	\$ 3,700.00	\$ 3,700.00	\$ 3,700.00	\$ 3,700.00	\$ 3,700.00	\$ 3,700.00	\$ 3,700.00	\$ 3,700.00	\$ 3,700.00	\$ 3,700.00	\$ 44,400.00
204S	\$ 76,000.00	\$ 76,000.00	\$ 76,000.00	\$ 76,000.00	\$ 76,000.00	\$ 76,000.00	\$ 76,000.00	\$ 76,000.00	\$ 76,000.00	\$ 76,000.00	\$ 76,000.00	\$ 76,000.00	\$ 912,000.00
2000 Brake Lathes					\$ 9,900.00								\$ 9,900.00
3004 Brake Lathes	\$ 5,600.00	\$ 5,600.00	\$ 5,600.00	\$ 5,600.00	\$ 5,600.00	\$ 5,600.00	\$ 5,600.00	\$ 5,600.00	\$ 5,600.00	\$ 5,600.00	\$ 5,600.00	\$ 5,600.00	\$ 67,200.00
ADAPTER PLUS	\$ 3,500.00	\$ 3,500.00	\$ 3,500.00	\$ 3,500.00	\$ 3,500.00	\$ 3,500.00	\$ 3,500.00	\$ 3,500.00	\$ 3,500.00	\$ 3,500.00	\$ 3,500.00	\$ 3,500.00	\$ 42,000.00
GEAR BOX	\$ 11,375.00	\$ 11,375.00	\$ 11,375.00	\$ 11,375.00	\$ 11,375.00	\$ 11,375.00	\$ 11,375.00	\$ 11,375.00	\$ 11,375.00	\$ 11,375.00	\$ 11,375.00	\$ 11,375.00	\$ 136,500.00
1200X Tire changer	\$ 10,950.00	\$ 10,950.00	\$ 10,950.00	\$ 10,950.00	\$ 10,950.00	\$ 10,950.00	\$ 10,950.00	\$ 10,950.00	\$ 10,950.00	\$ 10,950.00	\$ 10,950.00	\$ 10,950.00	\$ 131,400.00
1250X Tire Changer	\$ 22,800.00	\$ 22,800.00	\$ 22,800.00	\$ 22,800.00	\$ 22,800.00	\$ 22,800.00	\$ 22,800.00	\$ 22,800.00	\$ 22,800.00	\$ 22,800.00	\$ 22,800.00	\$ 22,800.00	\$ 273,600.00
1300TRX Wheel balancer	\$ 13,000.00	\$ 13,000.00	\$ 13,000.00	\$ 13,000.00	\$ 13,000.00	\$ 13,000.00	\$ 13,000.00	\$ 13,000.00	\$ 13,000.00	\$ 13,000.00	\$ 13,000.00	\$ 13,000.00	\$ 156,000.00
802XH Wheel balancer	\$ 11,700.00	\$ 11,700.00	\$ 11,700.00	\$ 11,700.00	\$ 11,700.00	\$ 11,700.00	\$ 11,700.00	\$ 11,700.00	\$ 11,700.00	\$ 11,700.00	\$ 11,700.00	\$ 11,700.00	\$ 140,400.00
1002X Wheel balancer	\$ 10,350.00	\$ 10,350.00	\$ 10,350.00	\$ 10,350.00	\$ 10,350.00	\$ 10,350.00	\$ 10,350.00	\$ 10,350.00	\$ 10,350.00	\$ 10,350.00	\$ 10,350.00	\$ 10,350.00	\$ 127,650.00
1200X Tire changer Ampro	\$ 4,050.00	\$ 4,050.00	\$ 4,050.00	\$ 4,050.00	\$ 4,050.00	\$ 4,050.00	\$ 4,050.00	\$ 4,050.00	\$ 4,050.00	\$ 4,050.00	\$ 4,050.00	\$ 4,050.00	\$ 48,600.00
1250X Tire Changer-Ampro	\$ 2,990.00	\$ 2,990.00	\$ 2,990.00	\$ 2,990.00	\$ 2,990.00	\$ 2,990.00	\$ 2,990.00	\$ 2,990.00	\$ 2,990.00	\$ 2,990.00	\$ 2,990.00	\$ 2,990.00	\$ 35,880.00
1300TRX Tire changer-Ampro	\$ 4,590.00	\$ 4,590.00	\$ 4,590.00	\$ 4,590.00	\$ 4,590.00	\$ 4,590.00	\$ 4,590.00	\$ 4,590.00	\$ 4,590.00	\$ 4,590.00	\$ 4,590.00	\$ 4,590.00	\$ 55,080.00
802X Wheel balancer-Ampro	\$ 4,050.00	\$ 4,050.00	\$ 4,050.00	\$ 4,050.00	\$ 4,050.00	\$ 4,050.00	\$ 4,050.00	\$ 4,050.00	\$ 4,050.00	\$ 4,050.00	\$ 4,050.00	\$ 4,050.00	\$ 48,600.00
1002X Wheel balancer-Ampro	\$ 1,495.00	\$ 1,495.00	\$ 1,495.00	\$ 1,495.00	\$ 1,495.00	\$ 1,495.00	\$ 1,495.00	\$ 1,495.00	\$ 1,495.00	\$ 1,495.00	\$ 1,495.00	\$ 1,495.00	\$ 17,940.00
PARTS AND ACCESSORIES	\$ 2,995.00	\$ 2,995.00	\$ 2,995.00	\$ 2,995.00	\$ 2,995.00	\$ 2,995.00	\$ 2,995.00	\$ 2,995.00	\$ 2,995.00	\$ 2,995.00	\$ 2,995.00	\$ 2,995.00	\$ 35,940.00
RETURNS AND ALLOW.	\$ 42,000.00	\$ 42,000.00	\$ 42,000.00	\$ 42,000.00	\$ 42,000.00	\$ 42,000.00	\$ 42,000.00	\$ 42,000.00	\$ 42,000.00	\$ 42,000.00	\$ 42,000.00	\$ 42,000.00	\$ 504,000.00
DISCOUNTS	\$ (4,249.79)	\$ (4,249.79)	\$ (4,249.79)	\$ (4,249.79)	\$ (4,249.79)	\$ (4,249.79)	\$ (4,249.79)	\$ (4,249.79)	\$ (4,249.79)	\$ (4,249.79)	\$ (4,249.79)	\$ (4,249.79)	\$ (51,750.83)
FREIGHT	\$ (2,836.19)	\$ (2,836.19)	\$ (2,836.19)	\$ (2,836.19)	\$ (2,836.19)	\$ (2,836.19)	\$ (2,836.19)	\$ (2,836.19)	\$ (2,836.19)	\$ (2,836.19)	\$ (2,836.19)	\$ (2,836.19)	\$ (34,562.99)
TOTAL SALES	\$ 23,909.26	\$ 24,564.19	\$ 23,909.26	\$ 23,909.26	\$ 23,909.26	\$ 23,909.26	\$ 23,909.26	\$ 23,909.26	\$ 23,909.26	\$ 23,909.26	\$ 23,909.26	\$ 23,909.26	\$ 2,909,276.19
COST OF GOODS SOLD													
PURCHASES-204	\$ 5,852.00	\$ 5,852.00	\$ 5,852.00	\$ 5,852.00	\$ 5,852.00	\$ 5,852.00	\$ 5,852.00	\$ 5,852.00	\$ 5,852.00	\$ 5,852.00	\$ 5,852.00	\$ 5,852.00	\$ 70,224.00
PURCHASES-304	\$ 3,465.00	\$ 3,465.00	\$ 3,465.00	\$ 3,465.00	\$ 3,465.00	\$ 3,465.00	\$ 3,465.00	\$ 3,465.00	\$ 3,465.00	\$ 3,465.00	\$ 3,465.00	\$ 3,465.00	\$ 41,580.00
PURCHASES-Pris&Acc.	\$ 14,700.00	\$ 14,700.00	\$ 14,700.00	\$ 14,700.00	\$ 14,700.00	\$ 14,700.00	\$ 14,700.00	\$ 14,700.00	\$ 14,700.00	\$ 14,700.00	\$ 14,700.00	\$ 14,700.00	\$ 176,400.00
PURCHASES-2000	\$ 28,880.00	\$ 28,880.00	\$ 28,880.00	\$ 28,880.00	\$ 28,880.00	\$ 28,880.00	\$ 28,880.00	\$ 28,880.00	\$ 28,880.00	\$ 28,880.00	\$ 28,880.00	\$ 28,880.00	\$ 346,560.00
PURCHASES-1250X	\$ 5,250.00	\$ 5,250.00	\$ 5,250.00	\$ 5,250.00	\$ 5,250.00	\$ 5,250.00	\$ 5,250.00	\$ 5,250.00	\$ 5,250.00	\$ 5,250.00	\$ 5,250.00	\$ 5,250.00	\$ 63,000.00
PURCHASES-1200X	\$ 5,400.00	\$ 5,400.00	\$ 5,400.00	\$ 5,400.00	\$ 5,400.00	\$ 5,400.00	\$ 5,400.00	\$ 5,400.00	\$ 5,400.00	\$ 5,400.00	\$ 5,400.00	\$ 5,400.00	\$ 64,800.00
PURCHASES-1300TRX	\$ 11,720.00	\$ 11,720.00	\$ 11,720.00	\$ 11,720.00	\$ 11,720.00	\$ 11,720.00	\$ 11,720.00	\$ 11,720.00	\$ 11,720.00	\$ 11,720.00	\$ 11,720.00	\$ 11,720.00	\$ 140,840.00
PURCHASES-602HX	\$ 6,400.00	\$ 6,400.00	\$ 6,400.00	\$ 6,400.00	\$ 6,400.00	\$ 6,400.00	\$ 6,400.00	\$ 6,400.00	\$ 6,400.00	\$ 6,400.00	\$ 6,400.00	\$ 6,400.00	\$ 76,800.00
PURCHASES-802X	\$ 4,500.00	\$ 4,500.00	\$ 4,500.00	\$ 4,500.00	\$ 4,500.00	\$ 4,500.00	\$ 4,500.00	\$ 4,500.00	\$ 4,500.00	\$ 4,500.00	\$ 4,500.00	\$ 4,500.00	\$ 54,000.00
PURCHASES-1002X	\$ 4,200.00	\$ 4,200.00	\$ 4,200.00	\$ 4,200.00	\$ 4,200.00	\$ 4,200.00	\$ 4,200.00	\$ 4,200.00	\$ 4,200.00	\$ 4,200.00	\$ 4,200.00	\$ 4,200.00	\$ 51,800.00
PURCHASES-1200X Ampro	\$ 2,250.00	\$ 2,250.00	\$ 2,250.00	\$ 2,250.00	\$ 2,250.00	\$ 2,250.00	\$ 2,250.00	\$ 2,250.00	\$ 2,250.00	\$ 2,250.00	\$ 2,250.00	\$ 2,250.00	\$ 27,000.00
PURCHASES-1250X Ampro	\$ 1,500.00	\$ 1,500.00	\$ 1,500.00	\$ 1,500.00	\$ 1,500.00	\$ 1,500.00	\$ 1,500.00	\$ 1,500.00	\$ 1,500.00	\$ 1,500.00	\$ 1,500.00	\$ 1,500.00	\$ 18,000.00
PURCHASES-1300TRX Ampro	\$ 2,800.00	\$ 2,800.00	\$ 2,800.00	\$ 2,800.00	\$ 2,800.00	\$ 2,800.00	\$ 2,800.00	\$ 2,800.00	\$ 2,800.00	\$ 2,800.00	\$ 2,800.00	\$ 2,800.00	\$ 33,600.00
PURCHASES-602HX Ampro	\$ 2,100.00	\$ 2,100.00	\$ 2,100.00	\$ 2,100.00	\$ 2,100.00	\$ 2,100.00	\$ 2,100.00	\$ 2,100.00	\$ 2,100.00	\$ 2,100.00	\$ 2,100.00	\$ 2,100.00	\$ 25,200.00
PURCHASES-802X Ampro	\$ 750.00	\$ 750.00	\$ 750.00	\$ 750.00	\$ 750.00	\$ 750.00	\$ 750.00	\$ 750.00	\$ 750.00	\$ 750.00	\$ 750.00	\$ 750.00	\$ 9,000.00
PURCHASES-802X Ampro	\$ 1,465.00	\$ 1,465.00	\$ 1,465.00	\$ 1,465.00	\$ 1,465.00	\$ 1,465.00	\$ 1,465.00	\$ 1,465.00	\$ 1,465.00	\$ 1,465.00	\$ 1,465.00	\$ 1,465.00	\$ 17,580.00
PURCHASES-1002X Ampro	\$ 1,680.00	\$ 1,680.00	\$ 1,680.00	\$ 1,680.00	\$ 1,680.00	\$ 1,680.00	\$ 1,680.00	\$ 1,680.00	\$ 1,680.00	\$ 1,680.00	\$ 1,680.00	\$ 1,680.00	\$ 20,160.00
PURCHASES-GEARBOXES	\$ 900.00	\$ 900.00	\$ 900.00	\$ 900.00	\$ 900.00	\$ 900.00	\$ 900.00	\$ 900.00	\$ 900.00	\$ 900.00	\$ 900.00	\$ 900.00	\$ 10,800.00
PURCHASES-ADAP. +	\$ 24,000.00	\$ 24,000.00	\$ 24,000.00	\$ 24,000.00	\$ 24,000.00	\$ 24,000.00	\$ 24,000.00	\$ 24,000.00	\$ 24,000.00	\$ 24,000.00	\$ 24,000.00	\$ 24,000.00	\$ 302,000.00
DIRECT LABOR	\$ 70.00	\$ 70.00	\$ 70.00	\$ 70.00	\$ 70.00	\$ 70.00	\$ 70.00	\$ 70.00	\$ 70.00	\$ 70.00	\$ 70.00	\$ 70.00	\$ 840.00
CONTRACT LABOR	\$ 210.00	\$ 210.00	\$ 210.00	\$ 210.00	\$ 210.00	\$ 210.00	\$ 210.00	\$ 210.00	\$ 210.00	\$ 210.00	\$ 210.00	\$ 210.00	\$ 2,520.00
PLATING SUBCONTR.	\$ 3,000.00	\$ 3,000.00	\$ 3,000.00	\$ 3,000.00	\$ 3,000.00	\$ 3,000.00	\$ 3,000.00	\$ 3,000.00	\$ 3,000.00	\$ 3,000.00	\$ 3,000.00	\$ 3,000.00	\$ 36,000.00
GRINDING SUBCONTR.	\$ 1,800.00	\$ 1,800.00	\$ 1,800.00	\$ 1,800.00	\$ 1,800.00	\$ 1,800.00	\$ 1,800.00	\$ 1,800.00	\$ 1,800.00	\$ 1,800.00	\$ 1,800.00	\$ 1,800.00	\$ 21,600.00
MACH. SUBCONTRACT	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 12,000.00
OTHER SUBCONTR.	\$ 800.00	\$ 800.00	\$ 800.00	\$ 800.00	\$ 800.00	\$ 800.00	\$ 800.00	\$ 800.00	\$ 800.00	\$ 800.00	\$ 800.00	\$ 800.00	\$ 9,600.00
TOOLING	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 6,000.00
SUPPLIES	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00	\$ 1,200.00
EQUIPMENT RENTAL	\$ 70.00	\$ 70.00	\$ 70.00	\$ 70.00	\$ 70.00	\$ 70.00	\$ 70.00	\$ 70.00	\$ 70.00	\$ 70.00	\$ 70.00	\$ 70.00	\$ 840.00
CUT. OILS AND SOL.	\$ 13,620.66	\$ 14,168.16	\$ 13,620.66	\$ 13,620.66	\$ 14,368.95	\$ 13,620.66	\$ 13,620.66	\$ 14,168.16	\$ 14,168.16	\$ 13,620.66	\$ 13,620.66	\$ 14,168.16	\$ 165,828.74
SHIPPING & FRT.-OUT	\$ 2,000.00	\$ 2,000.00	\$ 2,000.00	\$ 2,000.00	\$ 2,000.00	\$ 2,000.00	\$ 2,000.00	\$ 2,000.00	\$ 2,000.00	\$ 2,000.00	\$ 2,000.00	\$ 2,000.00	\$ 24,000.00
SHIPPING-FREIGHT-IN	\$ 2,000.00	\$ 2,000.00	\$ 2,000.00	\$ 2,000.00	\$ 2,000.00	\$ 2,000.00	\$ 2,000.00	\$ 2,000.00	\$ 2,000.00	\$ 2,000.00	\$ 2,000.00	\$ 2,000.00	\$ 24,000.00
PACKAGING	\$ 1,600.00	\$ 1,600.00	\$ 1,600.00	\$ 1,600.00	\$ 1,600.00	\$ 1,600.00	\$ 1,600.00	\$ 1,600.00	\$ 1,600.00	\$ 1,600.00	\$ 1,600.00	\$ 1,600.00	\$ 19,200.00
TAXES-PAYROLL	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 6,000.00
INSURANCE-WC	\$ 400.00	\$ 400.00	\$ 400.00	\$ 400.00	\$ 400.00	\$ 400.00	\$ 400.00	\$ 400.00	\$ 400.00	\$ 400.00	\$ 400.00	\$ 400.00	\$ 4,800.00
INSURANCE-MEDICAL	\$ 1,100.00	\$ 1,100.00	\$ 1,100.00	\$ 1,100.00	\$ 1,100.00	\$ 1,100.00	\$ 1,100.00	\$ 1,100.00	\$ 1,100.00	\$ 1,100.00	\$ 1,100.00	\$ 1,100.00	\$ 13,200.00
INSURANCE-GEN.	\$ 2,000.00	\$ 2,000.00	\$ 2,000.00	\$ 2,000.00	\$ 2,000.00	\$ 2,000.00	\$ 2,000.00	\$ 2,000.00	\$ 2,000.00	\$ 2,000.00	\$ 2,000.00	\$ 2,000.00	\$ 24,000.00
REP. & MAIN.-SHOP	\$ 1,200.00	\$ 1,200.00	\$ 1,200.00	\$ 1,200.00	\$ 1,200.00	\$ 1,200.00	\$ 1,200.00	\$ 1,200.00	\$ 1,200.00	\$ 1,200.00	\$ 1,200.00	\$ 1,200.00	\$ 14,400.00
UTILITIES-SHOP	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00	\$ 1,200.00
TRAINING	\$ 3,800.00	\$ 3,800.00	\$ 3,800.00	\$ 3,800.00	\$ 3,800.00	\$ 3,800.00	\$ 3,800.00	\$ 3,800.00	\$ 3,800.00	\$ 3,800.00	\$ 3,800.00	\$ 3,800.00	\$ 45,600.00
RENT-SHOP	\$ 600.00	\$ 600.00	\$ 600.00	\$ 600.00	\$ 600.00	\$ 600.00	\$ 600.00	\$ 600.00	\$ 600.00	\$ 600.00	\$ 600.00	\$ 600.00	\$ 7,200.00
DEPRECIATION	\$ 1,500.00	\$ 1,500.00	\$ 1,500.00	\$ 1,500.00	\$ 1,500.00	\$ 1,500.00	\$ 1,500.00	\$ 1,500.00	\$ 1,500.00	\$ 1,500.00	\$ 1,500.00	\$ 1,500.00	\$ 18,000.00
BROKERS FE													

	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	
OPER. EXPENSES													
SELLING EXPENSES													
ADVERTISING-ADS	\$ 3,000.00	\$ 3,000.00	\$ 3,000.00	\$ 3,000.00	\$ 3,000.00	\$ 3,000.00	\$ 3,000.00	\$ 3,000.00	\$ 3,000.00	\$ 3,000.00	\$ 3,000.00	\$ 3,000.00	\$ 36,000.00
ADVERTISING-PRINT	\$ 3,000.00	\$ 3,000.00	\$ 3,000.00	\$ 3,000.00	\$ 3,000.00	\$ 3,000.00	\$ 3,000.00	\$ 3,000.00	\$ 3,000.00	\$ 3,000.00	\$ 3,000.00	\$ 3,000.00	\$ 36,000.00
AUTO. EXPENSES	\$ 400.00	\$ 400.00	\$ 400.00	\$ 400.00	\$ 400.00	\$ 400.00	\$ 400.00	\$ 400.00	\$ 400.00	\$ 400.00	\$ 400.00	\$ 400.00	\$ 4,800.00
COMMISSIONS	\$ 1,100.00	\$ 1,100.00	\$ 1,100.00	\$ 1,100.00	\$ 1,100.00	\$ 1,100.00	\$ 1,100.00	\$ 1,100.00	\$ 1,100.00	\$ 1,100.00	\$ 1,100.00	\$ 1,100.00	\$ 13,200.00
TRADESHOW													
ENTERTAIN-MEALS	\$ 750.00	\$ 750.00	\$ 750.00	\$ 750.00	\$ 750.00	\$ 750.00	\$ 750.00	\$ 750.00	\$ 750.00	\$ 750.00	\$ 750.00	\$ 750.00	\$ 9,000.00
TRAVEL	\$ 5,000.00	\$ 5,000.00	\$ 5,000.00	\$ 5,000.00	\$ 5,000.00	\$ 5,000.00	\$ 5,000.00	\$ 5,000.00	\$ 5,000.00	\$ 5,000.00	\$ 5,000.00	\$ 5,000.00	\$ 60,000.00
TOTAL SELLING EXP.	\$ 12,150.00	\$ 12,150.00	\$ 12,150.00	\$ 12,150.00	\$ 12,150.00	\$ 12,150.00	\$ 12,150.00	\$ 12,150.00	\$ 12,150.00	\$ 12,150.00	\$ 12,150.00	\$ 12,150.00	\$ 145,800.00
GEN. & ADMIN. EXP.													
SALARIES-OFFICER	\$ 6,500.00	\$ 6,500.00	\$ 6,500.00	\$ 6,500.00	\$ 6,500.00	\$ 6,500.00	\$ 6,500.00	\$ 6,500.00	\$ 6,500.00	\$ 6,500.00	\$ 6,500.00	\$ 6,500.00	\$ 78,000.00
TRADE FEES	\$ 12,200.00	\$ 12,200.00	\$ 12,200.00	\$ 12,200.00	\$ 12,200.00	\$ 12,200.00	\$ 12,200.00	\$ 12,200.00	\$ 12,200.00	\$ 12,200.00	\$ 12,200.00	\$ 12,200.00	\$ 146,400.00
CONTRACT LABOR	\$ 1,500.00	\$ 1,500.00	\$ 1,500.00	\$ 1,500.00	\$ 1,500.00	\$ 1,500.00	\$ 1,500.00	\$ 1,500.00	\$ 1,500.00	\$ 1,500.00	\$ 1,500.00	\$ 1,500.00	\$ 18,000.00
PRODUCT RIGHTS	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 6,000.00
ROYALTY EXPENSE	\$ 161.00	\$ 161.00	\$ 161.00	\$ 161.00	\$ 161.00	\$ 161.00	\$ 161.00	\$ 161.00	\$ 161.00	\$ 161.00	\$ 161.00	\$ 161.00	\$ 1,932.00
DEPRECIATION-AMOR.	\$ 2,500.00	\$ 2,500.00	\$ 2,500.00	\$ 2,500.00	\$ 2,500.00	\$ 2,500.00	\$ 2,500.00	\$ 2,500.00	\$ 2,500.00	\$ 2,500.00	\$ 2,500.00	\$ 2,500.00	\$ 30,000.00
BAD DEBT	\$ 275.00	\$ 275.00	\$ 275.00	\$ 275.00	\$ 275.00	\$ 275.00	\$ 275.00	\$ 275.00	\$ 275.00	\$ 275.00	\$ 275.00	\$ 275.00	\$ 3,300.00
BANK EXPENSE	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 12,000.00
CREDIT CARD FEES	\$ 600.00	\$ 600.00	\$ 600.00	\$ 600.00	\$ 600.00	\$ 600.00	\$ 600.00	\$ 600.00	\$ 600.00	\$ 600.00	\$ 600.00	\$ 600.00	\$ 7,200.00
COMPUTER EXPENSE	\$ 300.00	\$ 300.00	\$ 300.00	\$ 300.00	\$ 300.00	\$ 300.00	\$ 300.00	\$ 300.00	\$ 300.00	\$ 300.00	\$ 300.00	\$ 300.00	\$ 3,600.00
CONTRIBUTIONS	\$ 700.00	\$ 700.00	\$ 700.00	\$ 700.00	\$ 700.00	\$ 700.00	\$ 700.00	\$ 700.00	\$ 700.00	\$ 700.00	\$ 700.00	\$ 700.00	\$ 8,400.00
INSURANCE-GENERAL	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00	\$ 300.00
INSURANCE-WC	\$ 1,900.00	\$ 1,900.00	\$ 1,900.00	\$ 1,900.00	\$ 1,900.00	\$ 1,900.00	\$ 1,900.00	\$ 1,900.00	\$ 1,900.00	\$ 1,900.00	\$ 1,900.00	\$ 1,900.00	\$ 22,800.00
INSURANCE-MEDICAL	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 6,000.00
INSURANCE-LIFE	\$ 2,900.00	\$ 2,900.00	\$ 2,900.00	\$ 2,900.00	\$ 2,900.00	\$ 2,900.00	\$ 2,900.00	\$ 2,900.00	\$ 2,900.00	\$ 2,900.00	\$ 2,900.00	\$ 2,900.00	\$ 34,800.00
LEGAL AND ACC.	\$ 1,050.00	\$ 1,050.00	\$ 1,050.00	\$ 1,050.00	\$ 1,050.00	\$ 1,050.00	\$ 1,050.00	\$ 1,050.00	\$ 1,050.00	\$ 1,050.00	\$ 1,050.00	\$ 1,050.00	\$ 12,600.00
MAINT. & REPAIRS-OFF.	\$ 750.00	\$ 750.00	\$ 750.00	\$ 750.00	\$ 750.00	\$ 750.00	\$ 750.00	\$ 750.00	\$ 750.00	\$ 750.00	\$ 750.00	\$ 750.00	\$ 9,000.00
MISC. EXPENSE	\$ 400.00	\$ 400.00	\$ 400.00	\$ 400.00	\$ 400.00	\$ 400.00	\$ 400.00	\$ 400.00	\$ 400.00	\$ 400.00	\$ 400.00	\$ 400.00	\$ 4,800.00
OFFICE SUPPLIES	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00	\$ 1,200.00
POSTAGE	\$ 600.00	\$ 600.00	\$ 600.00	\$ 600.00	\$ 600.00	\$ 600.00	\$ 600.00	\$ 600.00	\$ 600.00	\$ 600.00	\$ 600.00	\$ 600.00	\$ 7,200.00
RENT	\$ 750.00	\$ 750.00	\$ 750.00	\$ 750.00	\$ 750.00	\$ 750.00	\$ 750.00	\$ 750.00	\$ 750.00	\$ 750.00	\$ 750.00	\$ 750.00	\$ 9,000.00
RES. & DEV.	\$ 1,800.00	\$ 1,800.00	\$ 1,800.00	\$ 1,800.00	\$ 1,800.00	\$ 1,800.00	\$ 1,800.00	\$ 1,800.00	\$ 1,800.00	\$ 1,800.00	\$ 1,800.00	\$ 1,800.00	\$ 21,600.00
RETIREMENT PLAN EXP.	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 6,000.00
WASTE REMOVAL	\$ 300.00	\$ 300.00	\$ 300.00	\$ 300.00	\$ 300.00	\$ 300.00	\$ 300.00	\$ 300.00	\$ 300.00	\$ 300.00	\$ 300.00	\$ 300.00	\$ 3,600.00
TAXES-PAYROLL	\$ 125.00	\$ 125.00	\$ 125.00	\$ 125.00	\$ 125.00	\$ 125.00	\$ 125.00	\$ 125.00	\$ 125.00	\$ 125.00	\$ 125.00	\$ 125.00	\$ 1,500.00
TELEPHONE	\$ 2,000.00	\$ 2,000.00	\$ 2,000.00	\$ 2,000.00	\$ 2,000.00	\$ 2,000.00	\$ 2,000.00	\$ 2,000.00	\$ 2,000.00	\$ 2,000.00	\$ 2,000.00	\$ 2,000.00	\$ 24,000.00
UTILITIES	\$ 2,400.00	\$ 2,400.00	\$ 2,400.00	\$ 2,400.00	\$ 2,400.00	\$ 2,400.00	\$ 2,400.00	\$ 2,400.00	\$ 2,400.00	\$ 2,400.00	\$ 2,400.00	\$ 2,400.00	\$ 28,800.00
TOTAL G&A EXPENSE	\$ 400.00	\$ 400.00	\$ 400.00	\$ 400.00	\$ 400.00	\$ 400.00	\$ 400.00	\$ 400.00	\$ 400.00	\$ 400.00	\$ 400.00	\$ 400.00	\$ 4,800.00
TOTAL EXPENSES	\$ 42,736.00	\$ 42,736.00	\$ 42,736.00	\$ 42,736.00	\$ 42,736.00	\$ 42,736.00	\$ 42,736.00	\$ 42,736.00	\$ 42,736.00	\$ 42,736.00	\$ 42,736.00	\$ 42,736.00	\$ 512,832.00
TOTAL INC.AND EXP.	\$ 54,886.00	\$ 54,886.00	\$ 54,886.00	\$ 54,886.00	\$ 54,886.00	\$ 54,886.00	\$ 54,886.00	\$ 54,886.00	\$ 54,886.00	\$ 54,886.00	\$ 54,886.00	\$ 54,886.00	\$ 658,632.00
INTEREST INCOME	0.23	0.22	0.23	0.23	0.23	0.23	0.23	0.22	0.23	0.23	0.23	0.22	0.23
FIN. CHARGES													
PUR.DISCOUNTS	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00	\$ 1,200.00
RESTOCKING FEES	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00	\$ 1,200.00
MISC. INCOME	\$ 80.00	\$ 80.00	\$ 80.00	\$ 80.00	\$ 80.00	\$ 80.00	\$ 80.00	\$ 80.00	\$ 80.00	\$ 80.00	\$ 80.00	\$ 80.00	\$ 960.00
INTEREST EXPENSE	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 6,000.00
FIN. CHARGE EXP.	\$ 6,800.00	\$ 6,800.00	\$ 6,800.00	\$ 6,800.00	\$ 6,800.00	\$ 6,800.00	\$ 6,800.00	\$ 6,800.00	\$ 6,800.00	\$ 6,800.00	\$ 6,800.00	\$ 6,800.00	\$ 79,200.00
PENALTIES	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00	\$ 1,200.00
TOT. OTHER INC.&EXP.	\$ (5,920.00)	\$ (5,920.00)	\$ (5,920.00)	\$ (5,920.00)	\$ (5,920.00)	\$ (5,920.00)	\$ (5,920.00)	\$ (5,920.00)	\$ (5,920.00)	\$ (5,920.00)	\$ (5,920.00)	\$ (5,920.00)	\$ (71,040.00)
NET INCOME	\$ 15,085.36	\$ 20,678.03	\$ 15,085.36	\$ 15,085.36	\$ 22,434.49	\$ 13,085.36	\$ 13,085.36	\$ 18,678.03	\$ 13,085.36	\$ 13,085.36	\$ 13,085.36	\$ 18,678.03	\$ 191,051.44
DEPRECIATION ADD BACK	\$ 1,036.00	\$ 1,036.00	\$ 1,036.00	\$ 1,036.00	\$ 1,036.00	\$ 1,036.00	\$ 1,036.00	\$ 1,036.00	\$ 1,036.00	\$ 1,036.00	\$ 1,036.00	\$ 1,036.00	\$ 12,432.00
50% REORG.PYMT.	\$ 10,000.00	\$ 10,000.00	\$ 10,000.00	\$ 10,000.00	\$ 10,000.00	\$ 10,000.00	\$ 10,000.00	\$ 10,000.00	\$ 10,000.00	\$ 10,000.00	\$ 10,000.00	\$ 10,000.00	\$ 120,000.00
INCENTIVE REORG.PYMT.	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 12,000.00
ADDITIONAL INVENTORY	\$ 2,000.00	\$ 2,000.00	\$ 2,000.00	\$ 2,000.00	\$ 2,000.00	\$ 2,000.00	\$ 2,000.00	\$ 2,000.00	\$ 2,000.00	\$ 2,000.00	\$ 2,000.00	\$ 2,000.00	\$ 24,000.00
ADDITIONAL ACC. REC	\$ 2,000.00	\$ 2,000.00	\$ 2,000.00	\$ 2,000.00	\$ 2,000.00	\$ 2,000.00	\$ 2,000.00	\$ 2,000.00	\$ 2,000.00	\$ 2,000.00	\$ 2,000.00	\$ 2,000.00	\$ 24,000.00
TAX PAYMENT	\$ 624.90	\$ 624.90	\$ 624.90	\$ 624.90	\$ 624.90	\$ 624.90	\$ 624.90	\$ 624.90	\$ 624.90	\$ 624.90	\$ 624.90	\$ 624.90	\$ 7,498.80
PRINCIPAL PAYMENT	\$ 5,000.00	\$ 5,000.00	\$ 5,000.00	\$ 5,000.00	\$ 5,000.00	\$ 5,000.00	\$ 5,000.00	\$ 5,000.00	\$ 5,000.00	\$ 5,000.00	\$ 5,000.00	\$ 5,000.00	\$ 60,000.00
PREV. YR. RETAINED CASH	\$ 12,083.00												
TOTAL CASH	\$ 23,204.36	\$ 34,293.49	\$ 29,789.95	\$ 35,286.40	\$ 48,131.99	\$ 41,628.45	\$ 37,624.91	\$ 46,714.04	\$ 40,210.50	\$ 36,206.96	\$ 39,703.41	\$ 38,692.54	\$ 463,842.54
LINE OF CREDIT PAYMENT		\$ 7,500.00		\$ 7,500.00			\$ 7,500.00			\$ 7,500.00			\$ 90,000.00
LINE OF CREDIT	\$ 575,000.00	\$ 567,500.00	\$ 567,500.00	\$ 560,000.00	\$ 560,000.00	\$ 560,000.00	\$ 552,500.00	\$ 552,500.00	\$ 552,500.00	\$ 545,000.00	\$ 545,000.00	\$ 545,000.00	\$ 6,545,000.00

[illegible]

[illegible]

TOTAL EXPENSES	\$ 57,586.00 0.24	\$ 57,586.00 0.23	\$ 57,586.00 0.24	\$ 57,586.00 0.22	\$ 57,586.00 0.24	\$ 57,586.00 0.24	\$ 57,586.00 0.24	\$ 57,586.00 0.23	\$ 57,586.00 0.24	\$ 57,586.00 0.24	\$ 57,586.00 0.23	\$ 57,586.00 0.24	\$ 57,586.00 0.23
OTHER INC.&ND EXP.													
INTEREST INCOME													
FIN. CHARGES	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00	\$ 1,200.00
PUR.DISCOUNTS	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00	\$ 1,200.00
RESTOPING FEES	\$ 80.00	\$ 80.00	\$ 80.00	\$ 80.00	\$ 80.00	\$ 80.00	\$ 80.00	\$ 80.00	\$ 80.00	\$ 80.00	\$ 80.00	\$ 80.00	\$ 960.00
MISC. INCOME	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 6,000.00
INTEREST EXPENSE	\$ 6,000.00	\$ 6,000.00	\$ 6,000.00	\$ 6,000.00	\$ 6,000.00	\$ 6,000.00	\$ 6,000.00	\$ 6,000.00	\$ 6,000.00	\$ 6,000.00	\$ 6,000.00	\$ 6,000.00	\$ 79,200.00
FIN. CHARGE EXP.	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00	\$ 1,200.00
PENALTIES													
TOT. OTHER INC.&EXP.	\$ (5,920.00)	\$ (5,920.00)	\$ (5,920.00)	\$ (5,920.00)	\$ (5,920.00)	\$ (5,920.00)	\$ (5,920.00)	\$ (5,920.00)	\$ (5,920.00)	\$ (5,920.00)	\$ (5,920.00)	\$ (5,920.00)	\$ (71,040.00)
NET INCOME	\$ 12,980.44	\$ 18,573.11	\$ 12,980.44	\$ 20,412.55	\$ 12,980.44	\$ 12,980.44	\$ 12,980.44	\$ 18,573.11	\$ 12,980.44	\$ 12,980.44	\$ 12,980.44	\$ 18,473.11	\$ 179,875.37
DEPRECIATION ADD BACK	\$ 1,036.00	\$ 1,036.00	\$ 1,036.00	\$ 1,036.00	\$ 1,036.00	\$ 1,036.00	\$ 1,036.00	\$ 1,036.00	\$ 1,036.00	\$ 1,036.00	\$ 1,036.00	\$ 1,036.00	
50% REORG.PYMT.	\$ 750.00	\$ 750.00	\$ 750.00	\$ 750.00	\$ 750.00	\$ 750.00	\$ 750.00	\$ 750.00	\$ 750.00	\$ 750.00	\$ 750.00	\$ 750.00	
INCENTIVE REORG.PYMT.													
ADDITIONAL INVENTORY													
ADDITIONAL ACC. REC	\$ 2,000.00	\$ 2,000.00	\$ 2,000.00	\$ 2,000.00	\$ 2,000.00	\$ 2,000.00	\$ 2,000.00	\$ 2,000.00	\$ 2,000.00	\$ 2,000.00	\$ 2,000.00	\$ 2,000.00	
TAX PAYMENT	\$ 624.90	\$ 624.90	\$ 624.90	\$ 624.90	\$ 624.90	\$ 624.90	\$ 624.90	\$ 624.90	\$ 624.90	\$ 624.90	\$ 624.90	\$ 624.90	
PRINCIPAL PAYMENT													
PREV. YR.RETAINED CASH	\$ 62,793.00												
TOTAL CASH	\$ 75,434.54	\$ 89,668.74	\$ 83,310.28	\$ 73,951.82	\$ 92,025.47	\$ 69,667.01	\$ 82,308.54	\$ 96,542.75	\$ 71,684.29	\$ 84,325.82	\$ 96,967.36	\$ 73,601.57	
LINE OF CREDIT PAYMENT		25000.00			25000.00			27500.00			27500.00		
LINE OF CREDIT	\$ 465,000.00	\$ 440,000.00	\$ 440,000.00	\$ 440,000.00	\$ 415,000.00	\$ 415,000.00	\$ 415,000.00	\$ 387,500.00	\$ 387,500.00	\$ 387,500.00	\$ 387,500.00	\$ 360,000.00	\$ 360,000.00

REVENUE	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Total
204C	\$ 12,300.00	\$ 12,300.00	\$ 12,300.00	\$ 12,300.00	\$ 12,300.00	\$ 12,300.00	\$ 12,300.00	\$ 12,300.00	\$ 12,300.00	\$ 12,300.00	\$ 12,300.00	\$ 12,300.00	\$ 147,600.00
204S	\$ 3,850.00	\$ 3,850.00	\$ 3,850.00	\$ 3,850.00	\$ 3,850.00	\$ 3,850.00	\$ 3,850.00	\$ 3,850.00	\$ 3,850.00	\$ 3,850.00	\$ 3,850.00	\$ 3,850.00	\$ 46,200.00
2000 Brake Lathe	\$ 76,000.00	\$ 76,000.00	\$ 76,000.00	\$ 76,000.00	\$ 76,000.00	\$ 76,000.00	\$ 76,000.00	\$ 76,000.00	\$ 76,000.00	\$ 76,000.00	\$ 76,000.00	\$ 76,000.00	\$ 912,000.00
ADAPTER PLUS	\$ -	\$ 9,900.00	\$ -	\$ -	\$ 9,900.00	\$ -	\$ -	\$ 9,900.00	\$ -	\$ -	\$ -	\$ 9,900.00	\$ 39,600.00
GEAR BOX	\$ 5,600.00	\$ 5,600.00	\$ 5,600.00	\$ 5,600.00	\$ 5,600.00	\$ 5,600.00	\$ 5,600.00	\$ 5,600.00	\$ 5,600.00	\$ 5,600.00	\$ 5,600.00	\$ 5,600.00	\$ 67,200.00
1200X Tire changer	\$ 3,500.00	\$ 3,500.00	\$ 3,500.00	\$ 3,500.00	\$ 3,500.00	\$ 3,500.00	\$ 3,500.00	\$ 3,500.00	\$ 3,500.00	\$ 3,500.00	\$ 3,500.00	\$ 3,500.00	\$ 42,000.00
1200X Tire changer	\$ 12,425.00	\$ 12,425.00	\$ 12,425.00	\$ 12,425.00	\$ 12,425.00	\$ 12,425.00	\$ 12,425.00	\$ 12,425.00	\$ 12,425.00	\$ 12,425.00	\$ 12,425.00	\$ 12,425.00	\$ 149,100.00
1250X Tire Changer	\$ 11,550.00	\$ 10,950.00	\$ 10,950.00	\$ 10,950.00	\$ 10,950.00	\$ 10,950.00	\$ 10,950.00	\$ 10,950.00	\$ 10,950.00	\$ 10,950.00	\$ 10,950.00	\$ 10,950.00	\$ 132,000.00
1300TRX	\$ 23,400.00	\$ 23,400.00	\$ 23,400.00	\$ 23,400.00	\$ 23,400.00	\$ 23,400.00	\$ 23,400.00	\$ 23,400.00	\$ 23,400.00	\$ 23,400.00	\$ 23,400.00	\$ 23,400.00	\$ 280,800.00
602HX Wheel balancer	\$ 13,400.00	\$ 13,400.00	\$ 13,400.00	\$ 13,400.00	\$ 13,400.00	\$ 13,400.00	\$ 13,400.00	\$ 13,400.00	\$ 13,400.00	\$ 13,400.00	\$ 13,400.00	\$ 13,400.00	\$ 160,800.00
802X Wheel balancer	\$ 11,700.00	\$ 11,700.00	\$ 11,700.00	\$ 11,700.00	\$ 11,700.00	\$ 11,700.00	\$ 11,700.00	\$ 11,700.00	\$ 11,700.00	\$ 11,700.00	\$ 11,700.00	\$ 11,700.00	\$ 140,400.00
1002X Wheel balancer	\$ 10,950.00	\$ 10,950.00	\$ 10,950.00	\$ 10,950.00	\$ 10,950.00	\$ 10,950.00	\$ 10,950.00	\$ 10,950.00	\$ 10,950.00	\$ 10,950.00	\$ 10,950.00	\$ 10,950.00	\$ 135,050.00
1200X Tire changer-Ampiro	\$ 4,050.00	\$ 4,050.00	\$ 4,050.00	\$ 4,050.00	\$ 4,050.00	\$ 4,050.00	\$ 4,050.00	\$ 4,050.00	\$ 4,050.00	\$ 4,050.00	\$ 4,050.00	\$ 4,050.00	\$ 48,600.00
1250X Tire Changer-Ampiro	\$ 2,990.00	\$ 2,990.00	\$ 2,990.00	\$ 2,990.00	\$ 2,990.00	\$ 2,990.00	\$ 2,990.00	\$ 2,990.00	\$ 2,990.00	\$ 2,990.00	\$ 2,990.00	\$ 2,990.00	\$ 35,880.00
1300TRX Tire changer-Ampiro	\$ 4,590.00	\$ 4,590.00	\$ 4,590.00	\$ 4,590.00	\$ 4,590.00	\$ 4,590.00	\$ 4,590.00	\$ 4,590.00	\$ 4,590.00	\$ 4,590.00	\$ 4,590.00	\$ 4,590.00	\$ 55,080.00
602X Ampiro	\$ 4,050.00	\$ 4,050.00	\$ 4,050.00	\$ 4,050.00	\$ 4,050.00	\$ 4,050.00	\$ 4,050.00	\$ 4,050.00	\$ 4,050.00	\$ 4,050.00	\$ 4,050.00	\$ 4,050.00	\$ 48,600.00
802X Wheel balancer-Ampiro	\$ 1,495.00	\$ 1,495.00	\$ 1,495.00	\$ 1,495.00	\$ 1,495.00	\$ 1,495.00	\$ 1,495.00	\$ 1,495.00	\$ 1,495.00	\$ 1,495.00	\$ 1,495.00	\$ 1,495.00	\$ 17,940.00
1002X Wheel balancer-Ampiro	\$ 2,995.00	\$ 2,995.00	\$ 2,995.00	\$ 2,995.00	\$ 2,995.00	\$ 2,995.00	\$ 2,995.00	\$ 2,995.00	\$ 2,995.00	\$ 2,995.00	\$ 2,995.00	\$ 2,995.00	\$ 35,940.00
PARTS AND ACCESSORIES	\$ 42,000.00	\$ 42,000.00	\$ 42,000.00	\$ 42,000.00	\$ 42,000.00	\$ 42,000.00	\$ 42,000.00	\$ 42,000.00	\$ 42,000.00	\$ 42,000.00	\$ 42,000.00	\$ 42,000.00	\$ 504,000.00
RETURNS AND ALLOW.	\$ (4,319.79)	\$ (4,482.54)	\$ (4,309.29)	\$ (4,309.29)	\$ (4,546.41)	\$ (4,546.41)	\$ (4,309.29)	\$ (4,309.29)	\$ (4,482.54)	\$ (4,309.29)	\$ (4,309.29)	\$ (4,482.54)	\$ (52,478.83)
DISCOUNTS	\$ (2,877.82)	\$ (2,992.03)	\$ (2,870.45)	\$ (2,870.45)	\$ (3,036.86)	\$ (3,036.86)	\$ (2,870.45)	\$ (2,870.45)	\$ (2,992.03)	\$ (2,870.45)	\$ (2,870.45)	\$ (2,992.03)	\$ (34,983.89)
FREIGHT	\$ 3,200.00	\$ 3,200.00	\$ 3,200.00	\$ 3,200.00	\$ 3,200.00	\$ 3,200.00	\$ 3,200.00	\$ 3,200.00	\$ 3,200.00	\$ 3,200.00	\$ 3,200.00	\$ 3,200.00	\$ 38,400.00
TOTAL SALES	\$242,847.40	\$251,870.43	\$242,265.27	\$242,265.27	\$255,117.73	\$242,265.27	\$242,265.27	\$242,265.27	\$251,870.43	\$242,265.27	\$242,265.27	\$242,265.27	\$2,949,727.29
COST OF GOODS SOLD													\$
PURCHASES-204	\$ 6,137.00	\$ 6,137.00	\$ 6,137.00	\$ 6,137.00	\$ 6,137.00	\$ 6,137.00	\$ 6,137.00	\$ 6,137.00	\$ 6,137.00	\$ 6,137.00	\$ 6,137.00	\$ 6,137.00	\$ 73,644.00
PURCHASES-304	\$ -	\$ 3,465.00	\$ -	\$ -	\$ 3,465.00	\$ -	\$ -	\$ -	\$ 3,465.00	\$ -	\$ -	\$ 3,465.00	\$ 13,860.00
PURCHASES-Prts&Acc.	\$ 14,700.00	\$ 14,700.00	\$ 14,700.00	\$ 14,700.00	\$ 14,700.00	\$ 14,700.00	\$ 14,700.00	\$ 14,700.00	\$ 14,700.00	\$ 14,700.00	\$ 14,700.00	\$ 14,700.00	\$ 176,400.00
PURCHASES-2000	\$ 28,880.00	\$ 28,880.00	\$ 28,880.00	\$ 28,880.00	\$ 28,880.00	\$ 28,880.00	\$ 28,880.00	\$ 28,880.00	\$ 28,880.00	\$ 28,880.00	\$ 28,880.00	\$ 28,880.00	\$ 348,560.00
PURCHASES-1200X	\$ 5,775.00	\$ 5,775.00	\$ 5,775.00	\$ 5,775.00	\$ 5,775.00	\$ 5,775.00	\$ 5,775.00	\$ 5,775.00	\$ 5,775.00	\$ 5,775.00	\$ 5,775.00	\$ 5,775.00	\$ 69,300.00
PURCHASES-1250X	\$ 5,400.00	\$ 5,400.00	\$ 5,400.00	\$ 5,400.00	\$ 5,400.00	\$ 5,400.00	\$ 5,400.00	\$ 5,400.00	\$ 5,400.00	\$ 5,400.00	\$ 5,400.00	\$ 5,400.00	\$ 64,800.00
PURCHASES-1300TRX	\$ 12,120.00	\$ 12,120.00	\$ 12,120.00	\$ 12,120.00	\$ 12,120.00	\$ 12,120.00	\$ 12,120.00	\$ 12,120.00	\$ 12,120.00	\$ 12,120.00	\$ 12,120.00	\$ 12,120.00	\$ 145,440.00
PURCHASES-602HX	\$ 6,400.00	\$ 6,400.00	\$ 6,400.00	\$ 6,400.00	\$ 6,400.00	\$ 6,400.00	\$ 6,400.00	\$ 6,400.00	\$ 6,400.00	\$ 6,400.00	\$ 6,400.00	\$ 6,400.00	\$ 76,800.00
PURCHASES-802X	\$ 4,800.00	\$ 4,800.00	\$ 4,800.00	\$ 4,800.00	\$ 4,800.00	\$ 4,800.00	\$ 4,800.00	\$ 4,800.00	\$ 4,800.00	\$ 4,800.00	\$ 4,800.00	\$ 4,800.00	\$ 57,600.00
PURCHASES-1002X	\$ 4,500.00	\$ 4,500.00	\$ 4,500.00	\$ 4,500.00	\$ 4,500.00	\$ 4,500.00	\$ 4,500.00	\$ 4,500.00	\$ 4,500.00	\$ 4,500.00	\$ 4,500.00	\$ 4,500.00	\$ 55,500.00
PURCHASES-1200X Ampiro	\$ 2,250.00	\$ 2,250.00	\$ 2,250.00	\$ 2,250.00	\$ 2,250.00	\$ 2,250.00	\$ 2,250.00	\$ 2,250.00	\$ 2,250.00	\$ 2,250.00	\$ 2,250.00	\$ 2,250.00	\$ 27,000.00
PURCHASES-1250X Ampiro	\$ 1,500.00	\$ 1,500.00	\$ 1,500.00	\$ 1,500.00	\$ 1,500.00	\$ 1,500.00	\$ 1,500.00	\$ 1,500.00	\$ 1,500.00	\$ 1,500.00	\$ 1,500.00	\$ 1,500.00	\$ 18,000.00
PURCHASES-1300TRX Ampiro	\$ 2,800.00	\$ 2,800.00	\$ 2,800.00	\$ 2,800.00	\$ 2,800.00	\$ 2,800.00	\$ 2,800.00	\$ 2,800.00	\$ 2,800.00	\$ 2,800.00	\$ 2,800.00	\$ 2,800.00	\$ 33,600.00
PURCHASES-602HX Ampiro	\$ 2,100.00	\$ 2,100.00	\$ 2,100.00	\$ 2,100.00	\$ 2,100.00	\$ 2,100.00	\$ 2,100.00	\$ 2,100.00	\$ 2,100.00	\$ 2,100.00	\$ 2,100.00	\$ 2,100.00	\$ 25,200.00
PURCHASES-802X Ampiro	\$ 750.00	\$ 750.00	\$ 750.00	\$ 750.00	\$ 750.00	\$ 750.00	\$ 750.00	\$ 750.00	\$ 750.00	\$ 750.00	\$ 750.00	\$ 750.00	\$ 9,000.00
PURCHASES-1002X Ampiro	\$ 1,465.00	\$ 1,465.00	\$ 1,465.00	\$ 1,465.00	\$ 1,465.00	\$ 1,465.00	\$ 1,465.00	\$ 1,465.00	\$ 1,465.00	\$ 1,465.00	\$ 1,465.00	\$ 1,465.00	\$ 17,580.00
PURCHASES-GEARBOXES	\$ 1,680.00	\$ 1,680.00	\$ 1,680.00	\$ 1,680.00	\$ 1,680.00	\$ 1,680.00	\$ 1,680.00	\$ 1,680.00	\$ 1,680.00	\$ 1,680.00	\$ 1,680.00	\$ 1,680.00	\$ 20,160.00
PURCHASES-ADAP +	\$ 900.00	\$ 900.00	\$ 900.00	\$ 900.00	\$ 900.00	\$ 900.00	\$ 900.00	\$ 900.00	\$ 900.00	\$ 900.00	\$ 900.00	\$ 900.00	\$ 10,800.00
DIRECT LABOR	\$ 26,000.00	\$ 26,000.00	\$ 26,000.00	\$ 26,000.00	\$ 26,000.00	\$ 26,000.00	\$ 26,000.00	\$ 26,000.00	\$ 26,000.00	\$ 26,000.00	\$ 26,000.00	\$ 26,000.00	\$ 312,000.00
CONTRACT LABOR	\$ 70.00	\$ 70.00	\$ 70.00	\$ 70.00	\$ 70.00	\$ 70.00	\$ 70.00	\$ 70.00	\$ 70.00	\$ 70.00	\$ 70.00	\$ 70.00	\$ 840.00
PLATING SUBCONTR.	\$ 210.00	\$ 210.00	\$ 210.00	\$ 210.00	\$ 210.00	\$ 210.00	\$ 210.00	\$ 210.00	\$ 210.00	\$ 210.00	\$ 210.00	\$ 210.00	\$ 2,520.00
GRINDING SUBCONTR.	\$ 3,000.00	\$ 3,000.00	\$ 3,000.00	\$ 3,000.00	\$ 3,000.00	\$ 3,000.00	\$ 3,000.00	\$ 3,000.00	\$ 3,000.00	\$ 3,000.00	\$ 3,000.00	\$ 3,000.00	\$ 36,000.00
MACH. SUBCONTRACT	\$ 1,800.00	\$ 1,800.00	\$ 1,800.00	\$ 1,800.00	\$ 1,800.00	\$ 1,800.00	\$ 1,800.00	\$ 1,800.00	\$ 1,800.00	\$ 1,800.00	\$ 1,800.00	\$ 1,800.00	\$ 21,600.00
OTHER SUBCONTR.	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	\$ 12,000.00
TOOLING	\$ 800.00	\$ 800.00	\$ 800.00	\$ 800.00	\$ 800.00	\$ 800.00	\$ 800.00	\$ 800.00	\$ 800.00	\$ 800.00	\$ 800.00	\$ 800.00	\$ 9,600.00
SUPPLIES	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 500.00	\$ 6,000.00
EQUIPMENT RENTAL	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00	\$ 1,200.00
CUT. OILS AND SOL.	\$ 70.00	\$ 70.00	\$ 70.00	\$ 70.00	\$ 70.00	\$ 70.00	\$ 70.00	\$ 70.00	\$ 70.00	\$ 70.00	\$ 70.00	\$ 70.00	\$ 840.00

EXHIBIT 6.1
TO
DISCLOSURE STATEMENT
LIQUIDATION ANALYSIS

EXHIBIT 6.1
TO
DISCLOSURE STATEMENT

Liquidation Analysis

	Adjusted Book value	Liquidation Value	Orderly Liquidation Value
Balance Sheet @ 6/30/04			
Assets			
Cash	\$ 8,907.00	\$ 8,907.00	\$ 8,907.00
Trade dollars	\$ 147,455.00	\$ 29,491.00	\$ 36,863.75
Accounts receivable(net of bad debt allow.)	\$ 617,571.00	\$ 432,299.70	\$ 524,935.35
Note receivable	\$ 7,450.00	\$ 500.00	\$ 500.00
Inventory	\$ 569,984.00	\$ 113,996.80	\$ 170,995.20
Prepaid advertising	\$ 79,380.00	\$ 5,000.00	\$ 10,000.00
Prepaid royalty	\$ 114,884.00		\$ 12,000.00
Corporate tax refund	\$ 48,003.00	\$ 48,003.00	\$ 48,003.00
Other current assets	\$ 6,220.00		
 Machinery & equipment(net of depreciation)	 \$ 38,888.00	 \$ 60,000.00	 \$ 80,000.00
Automobiles	\$ 12,990.00	\$ 3,000.00	\$ 4,500.00
Other Assets	\$ 147,237.00	\$ 5,000.00	\$ 10,000.00
Total Assets	\$ 1,798,969.00	\$ 706,197.50	\$ 906,704.30
 Liabilities other than Unsecured creditors			
 Line of credit(Associated)		 \$ 576,537.00	 \$ 576,537.00
Term loan(Associated) As of Sept.22,2004		\$ 70,058.00	\$ 70,058.00
Pre-Petition legal fees(Associated)		\$ 17,638.00	\$ 17,638.00
Post Petition legal fees(Associated)		\$ 28,000.00	\$ 28,000.00
Accounts payable(Post Petition)		\$ 50,519.63	\$ 50,519.63
Commissions payable(Post Petition)		\$ 5,672.29	\$ 5,672.29
Income tax payable		\$ 64,681.00	\$ 64,681.00
Total Liabilities		\$ 813,105.92	\$ 813,105.92
 Costs associated with liquidating the company			
 Rent@ 5650 per month		 \$ 10,300.00	 \$ 16,950.00
Salaries		\$ 42,000.00	\$ 63,000.00
Administrative expenses		\$ 60,000.00	\$ 90,000.00
Other expenses		\$ 10,000.00	\$ 15,000.00
 Total liquidation costs		 \$ 122,300.00	 \$ 184,950.00
 Net liquidation values		 \$ (229,208.42)	 \$ (91,351.62)